As confidentially submitted to the Securities and Exchange Commission on February 12, 2016.
This draft registration statement has not been publicly filed with the Securities and Exchange Commission
and all information herein remains strictly confidential.

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

BlackLine, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	7372	46-3354276
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

21300 Victory Boulevard, 12th Floor
Woodland Hills, CA 91367
(818) 223-9008
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Therese Tucker, Chief Executive Officer
Mark Partin, Chief Financial Officer
BlackLine, Inc.
21300 Victory Boulevard, 12th Floor
Woodland Hills, CA 91367
(818) 223-9008
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Jeffrey D. Saper, Esq. Katharine A. Martin, Esq. Allison B. Spinner, Esq. Wilson Sonsini Goodrich & Rosati, P.C. 650 Page Mill Road Palo Alto, CA 94304 (650) 493-9300	Karole Morgan-Prager, Esq. Chief Legal Officer BlackLine, Inc. 21300 Victory Boulevard, 12th Floor Woodland Hills, CA 91367 (818) 223-9008	Steven B. Stokdyk, Esq. Latham & Watkins LLP 355 South Grand Avenue Los Angeles, CA 90071 (213) 485-1234

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Shares to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, $0.01 par value per share		$	$	$

(1) Includes the additional shares that the underwriters have the option to purchase.
(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) under the Securities Act, as amended.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated February 12, 2016.

Shares

BlackLine, Inc.

Common Stock

This is an initial public offering of shares of common stock of BlackLine, Inc.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $ and $. We intend to apply to list the common stock on under the symbol "BL".

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, may elect to comply with certain reduced public company reporting requirements in future reports after the completion of this offering.

See "Risk Factors" on page 16 to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to BlackLine, Inc.	$	$

(1) See the section titled "Underwriting" for a description of the compensation payable to the underwriters.

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from BlackLine, Inc. at the initial public offering price less the underwriting discounts and commissions.

The underwriters expect to deliver the shares against payment in New York, New York on , 2016.

Goldman, Sachs & Co. **Credit Suisse**

Pacific Crest Securities **Raymond James** **William Blair** **Baird**

a division of KeyBanc Capital Markets

Prospectus dated , 2016

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Prospectus

Through and including , 2016 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

For investors outside the United States: Neither we nor the underwriters have done anything that would permit our initial public offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information appearing elsewhere in this prospectus. You should read the following summary together with the more detailed information appearing in this prospectus, including our consolidated financial statements and related notes, and the sections titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before deciding whether to purchase shares of our common stock. Unless the context otherwise requires, the terms "BlackLine, Inc.," "the company," "we," "us" and "our" in this prospectus refer to the consolidated operations of BlackLine, Inc. and its consolidated subsidiaries as a whole, references to "Silver Lake" refers to either or both of Silver Lake Sumeru Fund, L.P. and Silver Lake Technology Investors Sumeru, L.P., and references to "Iconiq" refer to any or all of Iconiq Strategic Partners, L.P., ICONIQ Strategic Partners-B, L.P. and Iconiq Strategic Partners Co-Invest, L.P., BL Series.

BlackLine, Inc.

Overview

We have created a comprehensive cloud-based software platform designed to transform and modernize accounting and finance operations for organizations of all types and sizes. Our secure, scalable platform supports critical accounting processes such as the financial close, account reconciliation, intercompany accounting and controls assurance. By introducing software to automate these processes and to enable them to function continuously, we empower our customers to improve the integrity of their financial reporting, achieve efficiencies and enhance real-time visibility into their operations.

Critical accounting and finance processes underlie the integrity of an organization's financial reports. The lack of effective accounting and finance tools can result in inefficient and cumbersome processes and, in some cases, accounting errors, restatements and write-offs, as well as material weaknesses and significant deficiencies. Traditional enterprise resource planning, or ERP, systems do not generally provide effective solutions for processes handled outside of an organization's general ledger, such as balance sheet account reconciliation, intercompany transaction accounting and the broader financial close process. Many organizations also use multiple ERPs and other financial systems without a platform to efficiently integrate them. As a result, organizations rely on spreadsheets and other labor-intensive processes to manage these tasks. We believe that we are creating a new category of powerful software that is capable of replacing this outdated approach, which is unsuited for the increasing regulatory complexity and transaction volumes encountered by many modern businesses. We believe our customers benefit from cost savings through improvements in process management and staff productivity, in addition to a faster financial close.

Our mission is to transform how corporate accounting and finance departments operate. Our approach modernizes what historically has been done through batch processing and manual controls typically applied only during the month, quarter or year-end financial close, and delivers dynamic workflows embedded within a real-time, highly automated framework, a process we refer to as "continuous accounting." It also enables up-to-date analytics, provides industry-benchmarked metrics and is designed to help customers run more leanly while achieving greater accuracy, control and transparency. Our software integrates with and obtains data from more than 30 different ERP systems, including NetSuite, Oracle, SAP and Workday, as well as many other financial systems and applications such as bank accounts, sub-ledgers and in-house databases.

We believe the need for our software has been driven by growing business and information technology complexities, transaction volumes and expanding regulatory requirements. According to a study we commissioned with Frost & Sullivan, in 2015 there were more than 46,000 corporate organizations in North America and more than 165,000 worldwide that are in our addressable market with revenues greater than $50 million. According to Frost & Sullivan, these companies employ over 13 million accounting and finance personnel, with over 5.5 million in North America alone, all of whom could be potential users of our software platform. Based on its assessment of the number of corporate organizations, accounting and finance personnel globally and certain assumptions regarding pricing of our products, Frost & Sullivan estimates that our total addressable market in 2015 was $7.2 billion in North America and $9.4 billion in Europe, Asia Pacific and Latin America, and is expected to grow to a global total addressable market of $19.7 billion by 2018.

We sell our software solutions primarily through our direct sales force, which leverages our relationships with technology vendors, professional services firms and business process outsourcers, to expand our sales process and market reach. Our distribution strategy is based on a land-and-expand model and is designed to capitalize on the ease of use and ease of implementation. Our customers include large public and private organizations and small and medium-size businesses across a variety of industries, including healthcare, technology, telecom, financial services, consumer retail and industrial equipment and services. As of September 30, 2015, we had over 119,000 individual users in approximately 100 countries across more than 1,200 customers.

We have experienced significant revenue growth and adoption of our platform in recent periods. We had revenues of $23.4 million for the period from January 1, 2013 to September 2, 2013, $8.6 million for the period from September 3, 2013 to December 31, 2013 and $51.7 million for the year ended December 31, 2014. For the nine months ended September 30, 2014 and 2015, we had revenues of $35.6 million and $59.1 million, respectively. We incurred net losses of $10.0 million for the period from January 1, 2013 to September 2, 2013, $6.7 million for the period from September 3, 2013 to December 31, 2013, $16.8 million for the year ended December 31, 2014, $11.0 million for the nine months ended September 30, 2014 and $17.5 million for the nine months ended September 30, 2015. See “Summary Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other information included in this prospectus for a discussion of our financial performance.

Industry Background

Accounting is a Universal and Mission-Critical Function

Organizations need reliable financial information to plan and execute business initiatives, measure operational progress and satisfy regulatory and financial obligations. For each period-end, enterprise accounting functions typically record, process, reconcile, consolidate and report financial transactions that are consolidated into useable financial information. Traditionally, many accounting processes, such as balance sheet account reconciliation, intercompany transaction accounting and the broader financial close calendar, have been managed and tracked with spreadsheets that were manually reconciled on a periodic basis, which can often be labor-intensive, inefficient and subject to error.

Modern Business is Increasingly Complex

Organizations of all sizes are operating in an increasingly fast-moving global business environment. Accountants must process and verify transactions that occur both within and across

international borders, involve multiple currencies and require compliance with varying legal, regulatory and tax frameworks. It is common for enterprises to have thousands of different accounts — potentially comprising billions of records—and to use numerous different financial and operational systems to store data.

The Risk of Regulatory Non-Compliance is Significant

Public accounting follows a variety of rules and rigorous standards that are highly specific, apply differently across industries and geographies and, in some cases, provide conflicting guidance. The resulting tangle of stringent and changing regulations typically requires that organizations maintain more than one set of records, invest heavily in implementing and monitoring internal controls and undergo expensive and time-consuming audits. Incorrect financial information can have severe repercussions, ranging from damage to an enterprise's reputation to expensive remediation and investor lawsuits.

Companies Lack Real-Time, Actionable Data from Their Accounting Departments

As complexity, transaction volume and regulatory scrutiny increase, management teams often find themselves without clear and immediate insight into their accounting and finance processes and results. By the time data is manually compiled, it is often days or weeks out-of-date, limiting the ability to effectively track and analyze fluctuations and trends, detailed metrics on individual and team performance and transaction risk profiles. Such lack of visibility limits the ability of accounting managers to influence ongoing accounting operations, which can lead to costly errors such as unreconciled balances or unapproved fund transfers.

Accounting Professionals Face Compressed Deadlines and a Heightened Expectation of Accuracy

Many organizations, and public companies in particular, have adopted a practice of reporting financial information by a fixed date following their quarter close. Given limited resources, an accelerated timetable can put immense pressure on a company's accounting function. Accounting professionals are expected not only to address business and regulatory challenges but also to achieve completeness and accuracy of operating results to ensure financial integrity.

Traditional Accounting Processes and Tools are Inefficient

The processes and software solutions traditionally employed by accountants, such as general ledgers and ERP systems, do not provide effective solutions for critical, non-general ledger accounting and finance processes such as balance sheet account reconciliation, intercompany transaction accounting and the overall management of the financial close process. Most core accounting and financing systems are designed as batch transaction repositories without the ability to consume and process continuous streams of data. In addition, most organizations use multiple ERPs and many other financial systems across their information technology environments. Traditionally available accounting tools are inflexible, expensive to configure and maintain and do not scale easily. As a result, we are addressing a clear need for new, scalable accounting and finance tools that can consume and process continuous streams of data, store this data and allow accountants to have a more streamlined, continuous approach to accounting.

Our Solution

We provide a powerful, cloud-based software platform that is designed to automate and streamline accounting and finance operations. Key elements of our solution include:

Comprehensive Platform. We offer an integrated suite of applications that deliver a broad range of capabilities that would otherwise require the purchase and use of multiple products to support critical accounting processes such as the financial close, account reconciliations, intercompany accounting and controls assurance. Our platform consists of seven core cloud-based products, including Account Reconciliation, Task Management, Transaction Matching, Journal Entry, Variance Analysis, Consolidation Integrity Manager and Daily Reconciliation. Customers typically purchase these products in packages that we refer to as solutions, but they have the option to purchase these products individually. Current solutions include our Reconciliation Management and Financial Close Management, Intercompany Hub and Insights.

Enterprise Integration. Our platform integrates with a wide variety of general ledger systems, financial systems and in-house databases, customer applications and data, and over 30 ERP systems including NetSuite, Oracle, SAP and Workday. In addition, for companies with multiple systems and complex needs, we can connect with any number of general ledger systems simultaneously, resolving many of the issues associated with consolidating data across systems.

Independence. Our platform is not dependent on any single operating system and works with most major ERP systems our customers may use. Our cross-system functionality allows us to reach a broader group of customers.

Ease of Use. Our platform is designed by accountants for accountants to be intuitive and easy to use. Our user-friendly interface provides clear visualization of accounting and finance data, enables user collaboration and streamlines business processes.

Innovation. Our ability to develop innovative products has been a key driver of our success and organic growth. Through a history and culture of thought leadership, we have created a new category of powerful software that automates and streamlines antiquated, manual accounting processes to better meet our clients' diverse and rapidly changing needs, and we continue to focus on providing advanced solutions to time and labor intensive accounting practices. Examples of recent innovations include the launches of our Intercompany Hub and Insights solutions.

Security. We have embedded robust security features in our platform designed to meet or exceed both industry standards and the stringent security requirements of our customers.

Key Benefits to our Customers

Our platform provides the following benefits to our customers:

Flexibility and Scalability. Our unified cloud platform is designed for modern business environments and has broad applicability across large and small organizations in any industry. The platform supports complex corporate structures, provides integration across all core financial systems, manages multiple currencies and languages and scales to support high transaction volumes.

Embedded Controls and Workflow. Our platform embeds key controls within standardized, repeatable and well-documented workflows to help ensure compliance with complex regulatory environments and to increase confidence in financial reports.

Real-time Visibility. With configurable dashboards, user-defined reporting and the ability to locate individual reconciliations, journals and tasks, we provide users with real-time visibility into the status, progress and quality of accounting processes.

Automation and Efficiency. Our platform can ingest data from a variety of sources and apply powerful, rules-driven automation to reconciliations, journals and transactions. This streamlines accounting processes, minimizes manual data entry and improves individual productivity to help ensure that accounting processes are completed on time. As a result, this automation allows users to focus on value-added activities instead of process management.

Continuous Processing. Our platform helps organizations embed quality control, compliance and financial integrity into their day-to-day accounting processes. Activities such as account reconciliation and variance analysis can be performed in real-time, thus reducing the risk of error and creating a more agile accounting environment.

Growth Strategy

Our principal growth strategies include the following:

Continue to Innovate and Expand our Platform. Our ability to develop new, market-leading applications and functionalities is integral to our success, and we intend to continue extending the functionality and range of our applications to bring new solutions to accounting and finance.

Enhance Our Leadership Position in the Enterprise Market and Mid-Market Customer Base. We believe we have a leading position in both the enterprise market and the mid-market. We intend to leverage our brand, history of innovation and customer focus to maintain and grow our leadership position in the enterprise market, which we define as companies with greater than $500 million in annual revenue. In addition, we believe that mid-market businesses, which we define as companies with between $50 and $500 million in annual revenue, are particularly underserved and that our platform can help these businesses modernize their accounting and finance processes efficiently and effectively. We have made recent investments to grow our mid-market sales team, and we plan to leverage our network of resellers to grow our mid-market business globally.

Increase Customer Spend through Expanded Usage and Adoption of Additional Products. We pursue a land-and-expand sales model and believe there is significant opportunity to increase sales of our solutions within our existing customer base. Our pricing model is designed to allow us to capture additional revenue as our customers' usage of our platform grows, providing us with an opportunity to increase the lifetime value of our customer relationships.

Expand Our International Operations and Customer Footprint. We believe that we have a significant opportunity to expand the use of our cloud-based products outside the United States. We have an established presence in Australia, Canada, England, France, Germany and Singapore and we intend to invest in further expanding our footprint in these and other regions.

Extend Our Relationships and Distribution Channels. We have established strong relationships with technology vendors such as SAP and NetSuite, professional services firms such as Deloitte & Touche and KPMG, and business process outsourcers such as Cognizant, Genpact and IBM. In particular, we offer our customers an integrated SAP-endorsed business solution through our relationship with SAP. We intend to continue to strengthen and expand our existing relationships, seek new relationships and further expand our distribution channels to help us expand into new markets and increase our presence in existing markets.

Risks Affecting Us

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. These risks include, but are not limited to, the following:

- if we are unable to attract new customers and expand sales to existing customers our business growth could be slower than we expect and our business may be harmed;
- our business and growth depend substantially on customers renewing their subscription agreements with us and any decline in our customer renewals could adversely affect our future operating results;
- we have a history of losses in recent periods and we may not be able to generate sufficient revenue to achieve or sustain profitability;
- we have experienced rapid growth and organizational change in recent periods and if we fail to manage our growth effectively, we may be unable to execute our business plan;
- if we are not able to provide successful enhancements, new features and modifications to our software solutions, our business could be adversely affected;
- we derive substantially all of our revenues from a limited number of software solutions, and our future growth is dependent on their success;
- if our relationships with technology vendors and business process outsourcers is not successful, our business and growth will be harmed;
- if our security controls are breached or unauthorized access to customer data is otherwise obtained, our software solutions may be perceived as insecure, we may lose existing customers or fail to attract new customers, and we may incur significant liabilities;
- interruptions or performance problems associated with our software solutions, platform and technology may adversely affect our business and operating results; and
- if our software contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle product liability claims.

Investment by Silver Lake and Iconiq

We operated as BlackLine Systems, Inc., which we refer to as the "Predecessor," from 2001 until September 2013. On September 3, 2013, BlackLine, Inc., which we refer to as the "Successor," acquired BlackLine Systems, Inc. in connection with an investment by Silver Lake and Iconiq, which we refer to as the "Acquisition." The Successor was created for the sole purpose of acquiring the Predecessor and had no prior operations. We refer to Silver Lake and Iconiq collectively as our "Investors" and, in connection with the Acquisition, our Investors obtained a controlling interest in us.

After giving effect to this offering, our Investors will beneficially own approximately % of our issued and outstanding common stock or % of our issued and outstanding common stock (assuming full exercise of the underwriters' option to purchase additional shares). The majority of the remaining issued and outstanding common stock, after giving effect to this offering, will be beneficially owned by Therese Tucker, our Chief Executive Officer, and Mario Spanicciati, our Chief Strategy Officer. Therese Tucker and Mario Spanicciati will beneficially own approximately % and % of our issued and outstanding common stock, respectively, or % and % of our issued and outstanding common stock (assuming full exercise of the underwriters' option to purchase additional shares), respectively. We refer to our Investors, Therese Tucker and Mario Spanicciati collectively as our "Principal Stockholders."

Presentation of Our Financial Statements

The Acquisition was accounted for as a business combination under GAAP, which resulted in a change in accounting basis as of the date of the Acquisition. As a result, our consolidated financial statements for periods after September 3, 2013 are presented on a different basis than that for the periods before September 3, 2013, due to the application of purchase accounting as of September 3, 2013, and therefore are not comparable. We refer to the period from January 1, 2013 to September 2, 2013 as the 2013 Predecessor Period and the period from September 3, 2013 to December 31, 2013 as the 2013 Successor Period. Please refer to "Summary Consolidated Financial Data" on page 10 of this prospectus for further information.

Corporate Information

Our principal executive offices are located at 21300 Victory Boulevard, 12th Floor, Woodland Hills, CA 91367. The phone number of our principal executive offices is (818) 223-9008, and our main corporate website is www.blackline.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus or the registration statement of which this prospectus forms a part, and is not incorporated by reference herein. We have included our website address in this prospectus solely for informational purposes and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase shares of our common stock.

The names "BlackLine," "BlackLine Systems," "Intercompany Hub," and our logo are our trademarks. This prospectus also contains trademarks and trade names of other businesses that are the property of their respective holders. We have omitted the ® and ™ designations, as applicable, for the trademarks we name in this prospectus.

THE OFFERING

Common stock offered by us	Shares
Common stock to be outstanding immediately after this offering	Shares
Option to purchase additional shares of common stock from us	Shares
Use of proceeds	The principal purposes of this offering are to obtain additional capital and increase our financial flexibility, create a public market for our stock and increase our visibility in the marketplace. We currently intend to use the net proceeds we receive from this offering to repay the entire outstanding balance under our credit facility and for general corporate purposes, including working capital, research and development activities, sales and marketing activities, general and administrative matters and capital expenditures and to fund our growth plans. As of September 30, 2015, the outstanding principal balance under our credit facility was approximately $29.2 million. We may also, in our discretion, use a portion of the net proceeds for the acquisition of, or investment in, businesses, products, services or technologies that complement our business, although we have no current commitments or agreements to enter into any acquisitions or investments. See “Use of Proceeds.”
Risk Factors	See “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Proposed symbol	“BL”

The number of shares of our common stock that will be outstanding after this offering is based on 203,295,765 shares of our common stock outstanding as of September 30, 2015, and excludes:

- 28,988,384 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of September 30, 2015, with a weighted-average exercise price of $1.69 per share;
- 2,500,000 shares of our common stock issuable upon the exercise of warrants to purchase shares of our common stock outstanding as of September 30, 2015, with an exercise price of $1.00 per share; and
- shares of our common stock reserved for future issuance under our stock-based compensation plans, consisting of (i) 312,750 shares of common stock reserved for future awards under the 2014 Equity Incentive Plan, or our 2014 Plan, as of September 30, 2015 (which will terminate as of the completion of this offering and no awards will be granted under our 2014 Plan thereafter), (ii) shares of common stock reserved for issuance under our 2016 Employee Equity Incentive Plan, or our 2016 Plan, which will become effective on the date of this prospectus and (iii) shares of common stock reserved for issuance under our 2016 Employee Stock Purchase Plan, or our 2016 ESPP, which will become effective on the date of this prospectus. Stock options to purchase an aggregate of 775,500 shares of our

common stock, with an exercise price of $3.00 per share were granted after September 30, 2015 under our 2014 Plan and the number of shares reserved for future issuance under our 2014 Plan was increased to 1,361,125 shares subsequent to September 30, 2015. Any shares that, as of the effective date of the registration statement of which this prospectus forms a part, have been reserved but not issued pursuant to awards granted under our 2014 Plan and are not subject to any awards granted under our 2014 Plan, plus any shares covering awards granted under our 2014 Plan that, on or after the effective date of the registration statement of which this forms a part, expire or terminate without having been exercised in full or are forfeited to or repurchased by us, will become available for issuance under our 2016 Plan, with the maximum number of shares to be added to our 2016 Plan, from our 2014 Plan equal to shares. Our 2016 Plan and our 2016 ESPP also provide for automatic annual increases in the number of shares reserved under the plans, as more fully described in "Executive Compensation—Employee Benefit and Stock Plans."

Except as otherwise indicated, all information in this prospectus assumes:

- a one-for- reverse split of our common stock to be effected prior to the effectiveness of the registration statement of which this prospectus forms a part;
- the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and the adoption of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- no exercise of outstanding options or warrants subsequent to September 30, 2015; and
- no exercise by the underwriters of their option to purchase up to an additional shares of our common stock from us.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial data. You should read this summary consolidated financial data together with our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this prospectus.

On September 3, 2013, we acquired BlackLine Systems, Inc., which we refer to as the Acquisition. Prior to the Acquisition, we had no significant operations. As a result, the consolidated financial statements for the periods from January 1, 2013 to September 2, 2013 are presented as BlackLine Systems, Inc., which we refer to as the Predecessor, and all subsequent periods are presented as BlackLine, Inc., which we refer to as the Successor. The Successor financial statements reflect a new basis of accounting as a result of the Acquisition and therefore are not comparable to the Predecessor financial statements. We refer to the period from January 1, 2013 to September 2, 2013 as the 2013 Predecessor Period and the period from September 3, 2013 to December 31, 2013 as the 2013 Successor Period.

The consolidated statements of operations data for the 2013 Predecessor Period is derived from the audited consolidated financial statements of the Predecessor that are included elsewhere in this prospectus. The consolidated statements of operations data for the 2013 Successor Period and the year ended December 31, 2014 and the consolidated balance sheet data as of December 31, 2013 and 2014 are derived from the audited consolidated financial statements of the Successor included elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 30, 2014 and 2015 and the consolidated balance sheet data as of September 30, 2015 are derived from the unaudited interim condensed consolidated financial statements of the Successor included elsewhere in this prospectus. Our unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of those unaudited condensed consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future.

Consolidated Statements of Operations Data:

	2013 Predecessor Period	2013 Successor Period	Year Ended December 31, 2014	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2015
	(In thousands, except share and per share data)				
Revenues					
Subscription and support	$ 21,977	$ 7,723	$ 49,029	$ 33,513	$ 56,666
Professional services	1,407	860	2,648	2,090	2,467
Total revenues	23,384	8,583	51,677	35,603	59,133
Cost of revenues					
Subscription and support	4,442	4,346	14,380	10,511	14,220
Professional services	1,145	499	2,218	1,684	2,162
Total cost of revenues(1)	5,587	4,845	16,598	12,195	16,382
Gross profit	17,797	3,738	35,079	23,408	42,751
Operating expenses					
Sales and marketing(1)	10,453	6,895	31,837	20,840	39,694
Research and development(1)	4,738	2,225	9,705	6,730	12,938
General and administrative(1)	6,978	2,827	11,716	8,405	14,968
Acquisition related costs	5,586	1,634	—	—	—
Total operating expenses	27,755	13,581	53,258	35,975	67,600
Loss from operations	(9,958)	(9,843)	(18,179)	(12,567)	(24,849)
Other expense					
Interest expense, net	(22)	(781)	(3,047)	(2,262)	(2,466)
Change in fair value of the common stock warrant liability	—	—	(3,700)	(1,970)	(170)
Other expense, net	(22)	(781)	(6,747)	(4,232)	(2,636)
Loss before income taxes	(9,980)	(10,624)	(24,926)	(16,799)	(27,485)
Provision for (benefit from) income taxes	21	(3,954)	(8,174)	(5,827)	(9,958)
Net loss	$ (10,001)	$ (6,670)	$ (16,752)	$ (10,972)	$ (17,527)
Net loss per share, basic and diluted	$ (0.12)	$ (0.03)	$ (0.08)	$ (0.05)	$ (0.09)
Weighted average common shares outstanding, basic and diluted	82,250,000	200,094,118	200,445,411	200,261,813	202,753,714
Pro forma net loss per share, basic and diluted (unaudited) (2)			$		$
Pro forma weighted average common shares, basic and diluted (unaudited)					

(1) The following table presents the stock-based compensation expense included in each respective expense category:

	2013 Predecessor Period	2013 Successor Period	Year Ended December 31, 2014	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2015
		(in thousands)			
Cost of revenues	$ 86	$ —	$ 249	$ 170	$ 351
Sales and marketing	124	—	1,059	717	1,747
Research and development	330	—	229	182	420
General and administrative	360	—	480	332	1,352
	$ 900	$ —	$ 2,017	$1,401	$3,870

(2) Pro forma basic and diluted net loss per share has been computed to give effect to the number of additional shares that would have been required to be issued to repay the outstanding credit facility balance, including the 1% prepayment premium, assuming the issuance of such shares at the assumed initial public offering price of $ per share which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Also, the numerator in the pro forma basic and diluted net loss per share calculation has been adjusted to reverse the interest expense, net of tax on the credit facility. The pro forma net loss per share does not include the proceeds to be received from the assumed initial public offering, or shares expected to be sold in the initial public offering, except for those shares necessary to be issued to repay the credit facility.

Consolidated Balance Sheet Data:

	As of December 31, 2013	As of December 31, 2014	As of September 30, 2015 Actual	As of September 30, 2015 Pro Forma(1)
			(in thousands)	
Cash and cash equivalents	$ 14,855	$ 25,707	$ 18,015	$
Total assets	276,492	286,184	287,128	
Deferred revenue	17,328	34,574	47,041	
Long-term debt	23,132	25,673	27,681	
Total stockholders' equity	193,852	183,947	171,646	

(1) The pro forma balance sheet gives effect to (i) the issuance of shares of our common stock in this offering, at an assumed initial public offering price of $ per share which is the midpoint of the estimated offering price range set forth on the cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, (ii) the retirement of 235,000 shares of treasury stock and (iii) the use of proceeds from the offering to repay all principal amounts outstanding under our credit facility, including the 1% prepayment premium each as if such events had occurred on September 30, 2015.

Key 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.

	December 31,		September 30,	
	2013	2014	2014	2015
Dollar-based net revenue retention rate	120%	118%	118%	120%
Number of customers (as of end of period)	738	987	905	1,219
Number of users (as of end of period)	67,387	93,665	86,154	119,912

Dollar-based net revenue retention rate. We believe that dollar-based net revenue retention rate is an important metric to measure the long-term value of customer agreements and our ability to retain and grow our relationships with existing customers over time. We calculate dollar-based net revenue retention rate as the implied monthly subscription revenue at the end of a period for the base set of customers from which we generated subscription revenue in the year prior to the calculation, divided by the implied monthly subscription revenue one year prior to the date of calculation for that same customer base. This calculation does not reflect implied monthly subscription revenue for new customers added during the one year period but does include the effect of customers who terminated during the period. We define implied monthly subscription revenue as the total amount of minimum subscription and support revenue contractually committed to, under each of our customer agreements over the entire term of the agreement, divided by the number of months in the term of the agreement.

Number of customers. We believe that our ability to expand our customer base is an indicator of our market penetration and the growth of our business. We define a customer as an entity with an active subscription agreement as of the measurement date. In situations where an organization has multiple subsidiaries or divisions, each entity that is invoiced as a separate entity is treated as a separate customer. For the 2013 Predecessor Period, the 2013 Successor Period, the year ended December 31, 2014 and the nine months ended September 30, 2015, no single customer accounted for more than 10% of our total revenues.

Number of users. Since our customers generally pay fees based on the number of users of our platform within their organization, we believe the total number of users is an indicator of the growth of our business.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the non-GAAP measures below are useful in evaluating our business. These non-GAAP financial measures provide consistency and comparability with our past performance, facilitate period-to-period comparisons of operations and facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

	Year Ended December 31,		Nine Months Ended September 30,	
	2013	2014	2014	2015
	(in thousands, except percentages)			
Non-GAAP Revenues	$ 38,012	$ 56,629	$40,555	$59,133
Non-GAAP Gross Profit	$ 29,714	$ 46,419	$33,134	$47,706
Non-GAAP Gross Margin	78.2%	82.0%	81.7%	80.7%
Non-GAAP Cash Provided by (Used in) Operations	$ 1,886	$ 8,943	$ 7,141	$ (150)

Non-GAAP Revenues. We define non-GAAP revenues as our GAAP revenues adjusted for the impact of purchase accounting resulting from the Acquisition. Upon the Acquisition, deferred revenue at the Acquisition date was recorded at fair value, resulting in a reduction from its then carrying value. This reduction resulted in reduced revenue in the 2013 Successor Period and for the year ended December 31, 2014. Our non-GAAP revenues for the year ended December 31, 2013 combines the GAAP revenues for the 2013 Predecessor Period and the 2013 Successor Period adjusted for by the purchase accounting adjustment. We believe that presenting non-GAAP revenues is useful to investors as it more fully reflects our core revenue growth rate during 2013 and 2014 and allows a direct comparison of revenues between periods. The purchase accounting adjustments to revenues related to the Acquisition will not affect our revenues for the year ended December 31, 2015 or future periods.

Non-GAAP Gross Profit and Non-GAAP Gross Margin. We define non-GAAP gross profit as our non-GAAP revenues less our GAAP cost of revenue adjusted for the amortization of acquired developed technology resulting from the Acquisition and stock-based compensation. We define non-GAAP gross margin as our non-GAAP gross profit divided by our non-GAAP revenues. We believe that presenting non-GAAP gross margin is useful to investors as it eliminates the impact of items that we do not consider indicative of our core operating performance and that have been impacted by purchase accounting, and allows a direct comparison of gross margin between periods.

Non-GAAP Cash Provided by (Used in) Operations. We define non-GAAP cash provided by (used in) operations as our GAAP net cash provided by (used in) operating activities adjusted for the acquisition related costs resulting from the Acquisition. Our non-GAAP cash provided by operations for the year ended December 31, 2013 combines the GAAP net cash provided by (used in) operations for the 2013 Predecessor Period and 2013 Successor Period reduced by acquisition related costs. We believe that presenting non-GAAP cash provided by (used in) operations is useful to investors as it eliminates the impact of non-recurring costs associated with the Acquisition and allows a direct comparison of operating cash flow between periods. The acquisition related costs resulting from the Acquisition did not affect our cash provided by operations for the year ended December 31, 2014 and will not affect our cash provided by (used in) operations in future periods.

Reconciliation of Non-GAAP Financial Measures

Our non-GAAP financial measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for an analysis of our results under GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. First, non-GAAP revenues, non-GAAP gross profit, non-GAAP gross margin and non-GAAP cash provided by (used in) operations are not substitutes for revenue, gross profit, gross margin and net cash provided by (used in) operating activities, respectively. Second, these non-GAAP financial measures may not provide information directly comparable to measures provided by other companies in our industry, as those other companies may calculate their non-GAAP financial measures differently, particularly related to adjustments for acquisition accounting and non-recurring expenses. Third, these non-GAAP measures exclude certain recurring expenses that have been and will continue to be significant expenses of our business.

The following table presents a reconciliation of revenues, gross profit, gross margin and net cash provided by (used in) operating activities, the most comparable GAAP measures, to non-GAAP revenues, non-GAAP gross profit, non-GAAP gross margin and non-GAAP cash provided by (used in) operations:

	2013 Predecessor Period	2013 Successor Period	Year Ended December 31, 2013 Combined	2014	Nine Months Ended September 30, 2014	2015
			(in thousands, except percentages)			
Non-GAAP Revenues:						
Revenues	$ 23,384	$ 8,583	$ 31,967	$51,677	$35,603	$59,133
Purchase accounting adjustment to revenue	—	6,045	6,045	4,952	4,952	—
Total Non-GAAP Revenues	$ 23,384	$ 14,628	$ 38,012	$56,629	$40,555	$59,133
Non-GAAP Gross Profit:						
Gross Profit	$ 17,797	$ 3,738	$ 21,535	$35,079	$23,408	$42,751
Purchase accounting adjustment to revenue	—	6,045	6,045	4,952	4,952	—
Amortization of developed technology	—	2,048	2,048	6,139	4,604	4,604
Stock-based compensation expense	86	—	86	249	170	351
Total Non-GAAP Gross Profit	$ 17,883	$ 11,831	$ 29,714	$46,419	$33,134	$47,706
Gross Margin	76.1%	43.6%	67.4%	67.9%	65.7%	72.3%
Non-GAAP Gross Margin	76.5%	80.9%	78.2%	82.0%	81.7%	80.7%
Non-GAAP Cash Provided by (Used in) Operating Activities:						
Net cash provided by (used in) operating activities	$ 1,240	$ (6,574)	$ (5,334)	$ 8,943	$ 7,141	$ (150)
Acquisition related costs	—	7,220	7,220	—	—	—
Total Non-GAAP Cash Provided by (Used in) Operating Activities	$ 1,240	$ 646	$ 1,886	$ 8,943	$ 7,141	$ (150)

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks, together with all of the other information contained in this prospectus, including our financial statements and related notes, before making a decision to invest in our common stock. Any of the following risks could have a material adverse effect on our business, operating results, and financial condition and could cause the trading price of our common stock to decline, which would cause you to lose all or part of your investment.

Risks Related to Our Business

If we are unable to attract new customers and expand sales to existing customers, our business growth could be slower than we expect and our business may be harmed.

Our future growth depends in part upon increasing our customer base. Our ability to achieve significant growth in revenues in the future will depend, in large part, upon the effectiveness of our sales and marketing efforts, both domestically and internationally. We may have difficulty attracting a potential client that has already invested substantial personnel and financial resources to integrate on-premise software into its business, as such organizations may be reluctant or unwilling to invest in a new product. If we fail to attract new customers or maintain and expand those customer relationships, our revenues will grow more slowly than expected and our business will be harmed.

Our future growth also depends upon our ability to add users and sell additional products to our existing customers. It is important for the future growth of our business that our existing customers make additional significant purchases of our products and add additional users to our platform. Our business also depends on retaining existing customers. If we do not retain customers, our customers do not purchase additional products or we do not add additional users to our platform, our revenues may grow more slowly than expected, may not grow at all or may decline. Additionally, increasing incremental sales to our current customer base may require additional sales efforts that are targeted at senior management. There can be no assurance that our efforts would result in increased sales to existing customers or additional revenues.

Our business and growth depend substantially on customers renewing their subscription agreements with us and any decline in our customer renewals could adversely affect our future operating results.

Our initial subscription period for the majority of our customers is one year. In order for us to continue to increase our revenue, it is important that our existing customers renew their subscription agreements when the initial contract term expires. Although our agreements typically include automatic renewal language, our customers may cancel their agreements at the expiration of the initial term. In addition, our customers may renew for fewer users, renew for shorter contract lengths or renew for fewer products or solutions. Our customers' renewal rates may decline or fluctuate as a result of a variety of factors, including their satisfaction or dissatisfaction with our software or professional services, our pricing or pricing structure, the pricing or capabilities of products or services offered by our competitors, the effects of economic conditions or reductions in our customers' spending levels. As the markets for our existing solutions mature, or as current and future competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are profitable to us. If this were to occur, it is possible that we would have to change our pricing model, offer price incentives or reduce our prices. If our customers do not renew their agreements with us or renew on terms less favorable to us, our revenues may decline.

We have a history of losses in recent periods and we may not be able to generate sufficient revenue to achieve or sustain profitability.

We have incurred net losses in recent periods, including net losses of $10.0 million for the 2013 Predecessor Period, $6.7 million for the 2013 Successor Period, $16.8 million for the year ended December 31, 2014 and $17.5 million for the nine months ended September 30, 2015. We had an accumulated deficit of $40.9 million at September 30, 2015. We may not be able to generate sufficient revenue to achieve and sustain profitability. We also expect our costs to increase in future periods as we continue to expend substantial financial and other resources on:

- development of our cloud-based platform, including investments in research and development, product innovation to expand the features and functionality of our software solutions and improvements to the scalability and security of our platform;
- sales and marketing, including expansion of our direct sales force and our relationships with technology vendors, professional services firms, business process outsourcers and resellers;
- additional international expansion in an effort to increase our customer base and sales; and
- general administration, including legal, accounting and other expenses related to being a public company.

These investments may not result in increased revenue or growth of our business. If we fail to continue to grow our revenue, we may not achieve or sustain profitability.

We have experienced rapid growth and organizational change in recent periods and if we fail to manage our growth effectively, we may be unable to execute our business plan.

We increased our number of full-time employees from 183 as of December 31, 2013 to 420 as of September 30, 2015 as we have experienced growth in number of customers and expanded our operations. Our growth has placed, and may continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. We intend to further expand our headcount and operations both domestically and internationally, with no assurance that our business or revenue will continue to grow. Continuing to create a global organization and managing a geographically dispersed workforce will require substantial management effort, the allocation of valuable management resources and significant additional investment in our infrastructure. We will be required to continually improve our operational, financial and management controls and our reporting procedures and we may not be able to do so effectively, which could negatively affect our results of operations and overall business. In addition, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross margins or operating expenses in any particular quarter. Moreover, 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 software solutions may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract customers.

Our quarterly results may fluctuate, and if we fail to meet the expectations of analysts or investors, our stock price and the value of your investment could decline substantially.

Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly financial results fall below the expectations of investors or any securities analysts who may follow our stock, the price of our common stock could decline substantially. Some of the important factors that may cause our revenue, operating results and cash flows to fluctuate from quarter to quarter include:

- our ability to attract new customers and retain and increase sales to existing customers;
- the number of new employees added;

- the rate of expansion and productivity of our sales force;
- changes in our or our competitors' pricing policies;
- the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business;
- new products, features or functionalities introduced by us and our competitors;
- significant security breaches, technical difficulties or interruptions to our platform;
- the timing of customer payments and payment defaults by customers;
- general economic conditions that may adversely affect either our customers' ability or willingness to purchase additional products or services, delay a prospective customer's purchasing decision or affect customer retention;
- changes in foreign currency exchange rates;
- the impact of new accounting pronouncements; and
- the timing and the amount of grants or vesting of equity awards to employees.

Many of these factors are outside of our control, and the occurrence of one or more of them might cause our revenue, operating results, and cash flows to vary widely. As such, we believe that quarter-to-quarter comparisons of our revenue, operating results and cash flows may not be meaningful and should not be relied upon as an indication of future performance.

If we are not able to provide successful enhancements, new features or modifications to our software solutions, our business could be adversely affected.

If we are unable to provide enhancements and new features for our existing solutions or new solutions that achieve market acceptance or that keep pace with rapid technological developments, our business could be adversely affected. The success of enhancements, new products and solutions depends on several factors, including timely completion, introduction and market acceptance. We must continue to meet changing expectations and requirements of our customers and, because our platform is designed to operate on a variety of systems, we will need to continuously modify and enhance our solutions to keep pace with changes in Internet-related hardware and other software, communication, browser and database technologies. Our platform is also designed to integrate with existing enterprise resource planning, or ERP, systems such as NetSuite, Oracle, SAP and Workday, and will require modifications and enhancements as these systems change over time. Any failure of our solutions to operate effectively with future platforms and technologies could reduce the demand for our solutions or result in customer dissatisfaction. Furthermore, uncertainties about the timing and nature of new solutions or technologies, or modifications to existing solutions or technologies, could increase our research and development expenses. If we are not successful in developing modifications and enhancements to our solutions or if we fail to bring them to market in a timely fashion, our solutions may become less marketable, less competitive or obsolete, our revenue growth may be significantly impaired and our business could be adversely affected.

We derive substantially all of our revenues from a limited number of software solutions, and our future growth is dependent on their success.

We currently derive and expect to continue to derive substantially all of our revenues from our Financial Close Management and Reconciliation Management solutions. As such, the continued growth in market demand for these solutions is critical to our continued success. We have recently introduced two new software solutions, Intercompany Hub and Insights, but cannot be certain that they will generate significant revenues. In addition, those solutions are designed to be used with our

Financial Close Management and Reconciliation Management solutions and will not be sold independently. Accordingly, our business and financial results will be substantially dependent on a limited number of solutions.

If our relationships with technology vendors and business process outsourcers are not successful, our business and growth will be harmed.

We depend on, and anticipate that we will continue to depend on, various strategic relationships in order to sustain and grow our business. We have established strong relationships with technology vendors such as SAP and Netsuite, professional services firms such as Deloitte & Touche and KPMG, and business process outsourcers such as Cognizant, Genpact and IBM to supplement marketing, delivery and implementation of our applications. These relationships enable us to increase the speed of deployment and offer a wider range of integrated services to our customers. In particular, we offer our customers an integrated SAP-endorsed business solution in connection with our relationship with SAP. Under our agreement with SAP, which we entered into in 2013, we pay SAP a fee based on a percentage of revenues for new customers that use an SAP ERP system. We continue to pay SAP a fee for these customers over the term of their subscription agreements. For the nine months ended September 30, 2015, revenues from customers under this agreement accounted for $6.1 million, or approximately 10%, of our total revenues. If we are unsuccessful in maintaining our relationship with SAP, or if we are unsuccessful in supporting or expanding our relationships with other companies, our business would be adversely affected.

Identifying, negotiating and documenting relationships with other companies require significant time and resources. Our agreements with technology vendors are typically limited in duration, non-exclusive, cancellable upon notice and do not prohibit the counterparties from working with our competitors or from offering competing services. For example, our agreement with SAP can be terminated upon 180 days' notice. 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 platform. If we are unsuccessful in establishing or maintaining our relationships, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results would suffer. Even if we are successful, we cannot assure you that these relationships will result in improved operating results.

If our security controls are breached or unauthorized access to customer data is otherwise obtained, our software solutions may be perceived as insecure, we may lose existing customers or fail to attract new customers, and we may incur significant liabilities.

Use of our platform involves the storage, transmission and processing of our customers' proprietary data, including highly confidential financial information regarding their business and personal or identifying information regarding their customers or employees. Our platform is at risk for breaches as a result of third-party action, employee, vendor or contractor error, malfeasance or other factors. If any unauthorized access to or a security breach of our platform occurs, or is believed to occur, such an event could result in the loss of data, loss of business, severe reputational damage adversely affecting customer or investor confidence, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach or penalties for violation of applicable laws or regulations. Security breaches could also result in significant costs for remediation that may include liability for stolen assets or information and repair of system damage that may have been caused, incentives offered to customers or other business partners in an effort to maintain business relationships after a breach, and other liabilities.

We incur significant expenses to prevent security breaches, including deploying additional personnel and protection technologies, training employees, and engaging third-party experts and contractors. If a high profile security breach occurs with respect to another provider of software as a service, or SaaS, our clients and potential clients may lose trust in the security of our platform or in the SaaS business model generally, which could adversely impact our ability to retain existing clients or

attract new ones. Even in the absence of any security breach, customer concerns about security, privacy, or data protection may deter them from using our platform for activities that involve personal or other sensitive information. Our errors and omissions insurance policies covering certain security and privacy damages and claim expenses may not be sufficient to compensate for all potential liability. Although we maintain cyber liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all.

Because the techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period.

Because data security is a critical competitive factor in our industry, we make numerous statements in our privacy policy and customer agreements, through our certifications to privacy standards and in our marketing materials, providing assurances about the security of our platform including detailed descriptions of security measures we employ. Should any of these statements be untrue or become untrue, even through circumstances beyond our reasonable control, we may face claims of misrepresentation or deceptiveness by the U.S. Federal Trade Commission, state and foreign regulators and private litigants. Our errors and omissions insurance coverage covering security and privacy damages and claim expenses may not be sufficient to compensate for all liability.

Interruptions or performance problems associated with our software solutions, platform and technology may adversely affect our business and operating results.

Our continued growth depends in part on the ability of our existing and potential customers to access our platform at any time. Our platform is proprietary, and we rely on the expertise of members of our engineering, operations and software development teams for its continued performance. We have experienced, and may in the future experience, disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints due to an overwhelming number of users accessing our platform simultaneously, denial of service attacks or other security related incidents. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Because of the seasonal nature of financial close activities, increasing complexity of our platform and expanding user population, it may become difficult to accurately predict and timely address performance and capacity needs during peak load times. If our platform is unavailable or if our users are unable to access it within a reasonable amount of time or at all, our business would be harmed. In addition, our infrastructure does not currently include the real-time mirroring of data. Therefore, in the event of any of the factors described above, or other failures of our infrastructure, customer data may be permanently lost. Our customer agreements typically include performance guarantees and service level standards that obligate us to provide credits in the event of a significant disruption in our platform. To the extent that we do not effectively address capacity constraints, upgrade our systems and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be adversely affected.

If our software contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle product liability claims.

Complex software such as ours often contains errors or defects, particularly when first introduced or when new versions or enhancements are released. Despite internal and third-party testing and testing by our customers, our current and future software may contain serious defects, which could result in lost revenue or a delay in market acceptance.

Since our customers use our platform for critical business functions such as assisting in the financial close or account reconciliation process, errors, defects or other performance problems could result in damage to our customers. They could seek significant compensation from us for the losses they suffer. Although our customer agreements typically contain provisions designed to limit our exposure to product liability claims, existing or future laws or unfavorable judicial decisions could negate these limitations. Even if not successful, a product liability claim brought against us would likely be time-consuming and costly and could seriously damage our reputation in the marketplace, making it harder for us to sell our products.

We depend on our executive officers and other key employees and the loss of one or more of these employees or an inability to attract and retain highly-skilled employees could adversely affect our business.

Our success depends largely upon the continued services of our executive officers and other key employees. We rely on our leadership team in the areas of research and development, operations, security, marketing, sales and general and administrative functions. In particular, our founder and Chief Executive Officer provides our strategic direction and has built and maintained what we believe is an attractive workplace culture. Any failure to preserve our culture could negatively affect our ability to recruit and retain personnel. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. Key members of our current management and finance teams have only been working together for a relatively short period of time. If we are not successful in integrating these key employees into our organization, such failure could disrupt our business operations. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers or key employees, especially our founder and Chief Executive Officer, could have an adverse effect on our business.

In addition, to execute our growth plan, we must attract and retain highly-qualified personnel. Competition for personnel is intense, especially for engineers experienced in designing and developing software applications and experienced sales professionals. We have, from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached their legal obligations, resulting in a diversion of our time and resources. Likewise, if competitors hire our employees, we may divert time and resources to deterring any breach by our former employees or their new employers of their legal obligations. Given the competitive nature of our industry, we have both received and asserted such claims in the past. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to recruit and retain highly-skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be adversely affected.

If our industry does not continue to develop as we anticipate or if potential customers do not continue to adopt our platform, our sales would not grow as quickly as expected, or at all, and our business and operating results and financial condition would be adversely affected.

We operate in a rapidly evolving industry focused on modernizing financial and accounting operations. Our solutions are relatively new and have been developed to respond to an increasingly global and complex business environment with more rigorous regulatory standards. If organizations do not increasingly allocate their budgets to financial automation software as we expect or if we do not succeed in convincing potential customers that our platform should be an integral part of their overall

approach to their accounting processes, our sales may not grow as quickly as anticipated, or at all. Our business is substantially dependent on enterprises recognizing that accounting errors and inefficiencies are pervasive and are not effectively addressed by legacy solutions. Future deterioration in general economic conditions may also cause our customers to cut their overall information technology spending, and such cuts may disproportionately affect software solutions like ours to the extent customers view our solutions as discretionary. If our revenue does not increase for any of these reasons, or any other reason, our business, financial condition and operating results may be materially adversely affected.

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 accounting and financial software and services is highly competitive and rapidly evolving. Our competitors vary in size and in the breadth and scope of the products and services they offer. We often compete with other vendors of financial automation software such as Trintech and Runbook. We also compete with large, well-established, enterprise application software vendors, such as Oracle, whose Hyperion software contains components that compete with our platform. In the future, a competitor offering ERP software could include a free service similar to ours as part of its standard offerings or may offer a free standalone version of a service similar to ours. Further, other established software vendors not currently focused on accounting and finance software and services may expand their services to compete with us.

Our competitors may have greater name recognition, longer operating histories, more established customer and marketing relationships, larger marketing budgets and significantly greater resources than we do. They may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. In addition, some of our competitors have partnered with, or have acquired, and may in the future partner with or acquire, other competitors to offer services, leveraging their collective competitive positions, which makes, or would make, it more difficult to compete with them.

With the introduction of new technologies, the evolution of our platform and new market entrants, we expect competition to intensify in the future. Increased competition generally could result in reduced sales, reduced margins, losses or the failure of our platform to achieve or maintain more widespread market acceptance, any of which could harm our business.

Our financial results may fluctuate due to our long and variable sales cycle.

Our sales cycle generally varies in duration between four to nine months and, in some cases, even longer depending on the size of the potential customer. The sales cycle for our global enterprise customers is generally longer than that of our mid-market customers. Factors that may influence the length and variability of our sales cycle include:

- the need to educate potential customers about the uses and benefits of our software solutions;
- the need to educate potential customers on the differences between traditional, on-premise software and SaaS solutions;
- the relatively long duration of the commitment customers make in their agreements with us;
- the discretionary nature and timing of potential customers' purchasing and budget cycles and decisions;
- the competitive nature of potential customers' evaluation and purchasing processes;
- announcements or planned introductions of new products by us or our competitors; and
- lengthy purchasing approval processes of potential customers.

We may incur higher costs and longer sales cycles as a result of large enterprises representing an increased portion of our revenue. In this market, the decision to subscribe to our solutions may require the approval of more technical and information security personnel and management levels within a potential customer's organization, and if so, these types of sales require us to invest more time educating these potential customers. In addition, larger organizations may demand more features and integration services and have increased purchasing power and leverage in negotiating contractual arrangements with us, which may contain restrictive terms favorable to the larger organization. As a result of these factors, these sales opportunities may require us to devote greater research and development, sales, product support and professional services resources to individual customers, resulting in increased costs and reduced profitability, and would likely lengthen our typical sales cycle, which could strain our resources.

In addition, more sales are closed in the last month of a quarter than other times. If we are unable to close sufficient transactions in a particular period, or if a significant amount of transactions are delayed until a subsequent period, our operating results for that period, and for any future periods in which revenue from such transaction would otherwise have been recognized, may be adversely affected.

We recognize revenue over the term of our customer contracts and, consequently, downturns or upturns in new sales may not be immediately reflected in our operating results and may be difficult to discern.

We recognize subscription revenue ratably over the terms of our customers' agreements, most of which have one-year terms but an increasing number of which have up to three-year terms. As a result, most of the revenue we report in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter may have a small impact on our revenue results for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our platform, and potential changes in our pricing policies or rate of expansion or retention, may not be fully reflected in our results of operations until future periods. We may also be unable to reduce our cost structure in line with a significant deterioration in sales. In addition, a significant majority of our costs are expensed as incurred, while revenue is recognized over the life of the agreement with our customer. As a result, increased growth in the number of our customers could continue to result in our recognition of more costs than revenue in the earlier periods of the terms of our agreements. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

We have identified material weaknesses in our internal controls over financial reporting and, if our remediation of these material weaknesses is not effective, or if we fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and the price of our common stock.

As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires that we evaluate and determine the effectiveness of our internal control over financial reporting and, beginning with our second annual report following this offering, which will cover our year ending December 31, 2017, provide a management report on internal control over financial reporting. A material weakness is a deficiency or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

During 2015, we identified material weaknesses in our internal control over financial reporting. We identified a material weakness related to an insufficient complement of resources with an appropriate level of accounting knowledge, experience and training commensurate with our structure and financial reporting requirements. This lack of an effective control environment contributed to material weaknesses from the lack of controls over the selection of certain accounting policies and procedures and segregation of duties. Specifically, we did not have policies and controls designed to address the accounting for unusual or complex transactions, or the initial selection of, and the ongoing monitoring of changes in, accounting policies. Further, we did not maintain sufficiently designed segregation of duties including controls over journal entries such that there was a reasonable possibility that a material misstatement would not be prevented or detected on a timely basis.

These material weaknesses contributed to the restatement and revision of previously issued 2013 financial statements and audit adjustments in the 2014 financial statements principally, but not limited to, the following areas: capitalization of internal use software costs, accounting for and valuation of warrants issued with our debt facility, cut-off of transactions between the Predecessor and Successor Periods established as a result of the Acquisition and accounting for the new basis of accounting arising from the Acquisition, including the valuation of the fair value deferred revenue assumed at the acquisition date, forecasting of contingent consideration and the determination of the useful lives of intangible assets.

These deficiencies could result in additional misstatements to our accounts and disclosures in our consolidated financial statements that could be material and would not be prevented or detected on a timely basis.

We cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to remediate the material weaknesses we have identified or avoid potential future material weaknesses. If the steps we take do not correct the material weaknesses in a timely manner, we will be unable to conclude that we maintain effective internal controls over financial reporting. Accordingly, there could continue to be a reasonable possibility that a material misstatement of our financial statements would not be prevented or detected on a timely basis.

The process of designing and implementing internal control over financial reporting required to comply with Section 404 of the Sarbanes-Oxley Act will be time consuming, costly and complicated. If during the evaluation and testing process, we identify one or more other material weaknesses in our internal control over financial reporting or determine that existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented or reviewed. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected and we could become subject to litigation or investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

We rely on a limited number of data centers to deliver our cloud-based software solutions and any disruption of service at these centers could harm our business.

We manage our software solutions and serve most of our customers using a cloud-based infrastructure that is operated by a limited number of third-party data center facilities in North America

and Europe. We do not control the operation of these facilities. Any changes in third-party service levels at our data centers or any disruptions or delays from errors, defects, hacking incidents, security breaches, computer viruses or other intentional bad acts or performance problems could harm our reputation, damage our customers' businesses, and adversely affect our business and operating results. Our data centers are also vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events. If our data centers were compromised or unavailable or our users were unable to access our solutions for any reason, our business and operations would be materially and adversely affected.

Our customers have experienced minor disruptions and outages in accessing our solutions in the past, and may in the future experience, disruptions, outages and other performance problems. Although we expend considerable effort to ensure that our platform performance is capable of handling existing and increased traffic levels, the ability of our cloud-based solutions to effectively manage any increased capacity requirements depends on our third-party providers. Our third-party data center providers may not be able meet such performance requirements, especially to cover peak levels or spikes in traffic, and as a result, our customers may experience delays in accessing our solutions or encounter slower performance in our solutions, which could significantly harm the operations of these facilities. Interruptions in our services might reduce our revenue, cause us to issue credits to customers, subject us to potential liability, and cause customers to terminate their subscriptions or harm our renewal rates.

If we do not accurately predict our infrastructure capacity requirements, our customers could experience service shortfalls. The provisioning of additional cloud hosting capacity and data center infrastructure requires lead time. As we continue to add data centers, restructure our data management plans, and increase capacity in existing and future data centers, we may move or transfer our data and our customers' data. For example, in early 2016 we began hosting customers at a data facility located in Las Vegas, Nevada. Despite precautions taken during such processes and procedures, any unsuccessful data transfers may impair the delivery of our service, and we may experience costs or downtime in connection with the transfer of data to other facilities which may lead to, among other things, customer dissatisfaction and non-renewals. The owners of our data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, we may be required to transfer to new data center facilities, and we may incur significant costs and possible service interruption in connection with doing so.

Failure to effectively expand our sales capabilities could harm our ability to increase our customer base.

Increasing our customer base and sales will depend, to a significant extent, on our ability to effectively expand our sales and marketing operations and activities. We are substantially dependent on our direct sales force to obtain new customers. From January 1, 2014 to September 30, 2015, our sales and marketing teams increased from 68 to 204 employees. We plan to continue to expand our direct sales force both domestically and internationally. We believe that there is significant competition for experienced sales professionals with the sales skills and technical knowledge that we require. Our ability to achieve significant revenue growth in the future will depend, in part, on our success in recruiting, training, and retaining a sufficient number of experienced sales professionals. New hires require significant training and time before they achieve full productivity, particularly in new sales segments and territories. Our recent hires and planned hires may not become as productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business. Our business will be harmed if our sales expansion efforts do not generate a significant increase in revenue.

If we are unable to develop and maintain successful relationships with resellers, our business, operating results and financial condition could be adversely affected.

We believe that continued growth in our business is dependent upon identifying, developing, and maintaining strategic relationships with companies that resell our solutions. We plan to expand our small but growing network of resellers and to add new resellers, in particular to help grow our mid-market business globally. Our agreements with our existing resellers are non-exclusive, meaning resellers may offer customers the products of several different companies, including products that compete with ours. They may also cease marketing our solutions with limited or no notice and with little or no penalty. We expect that any additional resellers we identify and develop will be similarly non-exclusive and not bound by any requirement to continue to market our solutions. If we fail to identify additional resellers, in a timely and cost-effective manner, or at all, or are unable to assist our current and future resellers in independently selling our solutions, our business, results of operations, and financial condition could be adversely affected. If resellers do not effectively market and sell our solutions, or fail to meet the needs of our customers, our reputation and ability to grow our business may also be adversely affected.

If we are not able to maintain and enhance our brand, our business, operating results and financial condition may be adversely affected.

We believe that maintaining and enhancing our reputation for accounting and finance software is critical to our relationships with our existing customers and to our ability to attract new customers. The successful promotion of our brand attributes will depend on a number of factors, including our marketing efforts, our ability to continue to develop high-quality software, and our ability to successfully differentiate our platform from competitive products and services. Our brand promotion activities may not ultimately be successful or yield increased revenue. In addition, independent industry analysts provide reviews of our platform, as well as products and services offered by our competitors, and perception of our platform in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors' products and services, our brand may be adversely affected.

The promotion of our brand requires us to make substantial expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive, as we expand into new markets and as more sales are generated. To the extent that these activities yield increased revenue, this revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, our business may not grow, we may have reduced pricing power relative to competitors, and we could lose customers or fail to attract potential customers, all of which would adversely affect our business, results of operations and financial condition.

Our long-term success depends, in part, on our ability to expand the sales of our solutions to customers located outside of the United States, and thus our business is susceptible to risks associated with international sales and operations.

We currently maintain offices and/or have sales personnel in the United Kingdom, Australia, Singapore, France and Canada, and we intend to build out our international operations. We derived approximately 14% of our revenues from sales outside the United States in the nine months ended September 30, 2015. Any international expansion efforts that we may undertake may not be successful. In addition, conducting international operations in new markets subjects us to new risks that we have not generally faced in the United States. These risks include:

- localization of our solutions, including translation into foreign languages and adaptation for local practices and regulatory requirements;

- lack of familiarity and burdens of complying with foreign laws, legal standards, regulatory requirements, tariffs and other barriers;
- unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions;
- differing technology standards;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations and differing employer/employee relationships;
- fluctuations in exchange rates that may increase the volatility of our foreign based revenue;
- potentially adverse tax consequences, including the complexities of foreign value added tax (or other tax) systems and restrictions on the repatriation of earnings;
- uncertain political and economic climates; and
- reduced or varied protection for intellectual property rights in some countries.

These factors may cause our international costs of doing business to exceed our comparable domestic costs. Operating in international markets also requires significant management attention and financial resources. Any negative impact from our international business efforts could negatively impact our business, results of operations and financial condition as a whole.

We use third-party contractors outside of the United States to supplement our research and development capabilities, which may expose us to risks, including risks inherent in foreign operations.

We use third-party contractors outside of the United States to supplement our research and development capabilities. We currently use third-party contractors located in Romania and China. Managing operations that are remote from our U.S. headquarters is difficult and we may not be able to manage these third-party contractors successfully. If we fail to maintain productive relationships with these contractors generally, we may be required to develop our solutions in a less efficient and cost-effective manner and our product release schedules may be delayed while we hire software developers or find alternative contract development resources. Additionally, while we take precautions to ensure that software components developed by our third-party contractors are reviewed and that our source code is protected, misconduct by our third-party contractors could result in infringement or misappropriation of our intellectual property. Furthermore, any acts of espionage, malware attacks, theft of confidential information or other malicious cyber incidents attributed to our third-party contractors may compromise our system infrastructure, expose us to litigation and lead to reputational harm that could result in a material adverse effect on our financial condition and operating results.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend in part upon our intellectual property. We currently have one patent application, which may not result in an issued patent. We primarily rely on copyright, trade secret and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. In the past, we have utilized demand letters as a means

to assert and resolve claims regarding potential misuse of our proprietary or trade secret information. 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. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and adversely impact our business.

Suits by third parties for alleged infringement of their proprietary rights could cause us to incur significant expenses or liabilities.

There is considerable patent and other intellectual property development activity in our industry. Our future success depends in part on not infringing upon the intellectual property rights of others. From time to time, our competitors or other third parties may claim that our solutions and underlying technology infringe or violate their intellectual property rights, and we may be found to be infringing upon such rights. We may be unaware of the intellectual property rights of others that may cover some or all of our technology. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our solutions or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or other companies in connection with any such litigation and to obtain licenses, modify our solutions, or refund subscription fees, which could further exhaust our resources. In addition, we may incur substantial costs to resolve claims or litigation, whether or not successfully asserted against us, which could include payment of significant settlement, royalty or license fees, modification of our solutions, or refunds to customers of subscription fees. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and other employees from our business operations. Such disputes could also disrupt our solutions, adversely impacting our customer satisfaction and ability to attract customers.

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 use 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 misuse of, or a right to compensation for, 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.

If the market for SaaS solutions develops more slowly than we expect or declines, our business would be adversely affected.

The market for SaaS solutions is less mature than the market for on-premise software applications, and the adoption rate of SaaS solutions may be slower at companies in industries with heightened data security interests or business practices requiring highly customizable application software. Many organizations have invested substantial personnel and financial resources to integrate traditional on-premise solutions into their businesses, and therefore may be reluctant or unwilling to

purchase SaaS solutions. In addition, some organizations have been reluctant to use cloud-based solutions because they have concerns regarding the risks associated with the reliability or security of the technology delivery model associated with these solutions. Because our solutions involve the aggregation, storage and use of confidential information and related data, including highly confidential financial data, some customers may be reluctant or unwilling to migrate to our cloud-based solutions.

It is difficult to predict customer adoption rates and demand for our software solutions, the future growth rate and size of the market or the entry of competitive products or services. The expansion of the SaaS solutions market depends on a number of factors, including the cost, performance and perceived value associated with SaaS, as well as the ability of SaaS providers to address data security and privacy concerns. Government agencies have adopted, or may adopt, laws and regulations regarding the collection and use of personal information obtained from consumers and other individuals, or may seek to access information on our platform, either of which may reduce the overall demand for our platform. If we or other SaaS providers experience data security incidents, loss of customer data, disruptions in delivery, or other problems, the market for SaaS solutions, including our platform, may be negatively affected. If SaaS solutions do not continue to achieve market acceptance, or there is a reduction in demand for SaaS solutions caused by a lack of customer acceptance, technological challenges, data security or privacy concerns, governmental regulation, competing technologies and products, or decreases in information technology spending, it would result in decreased revenue and our business would be adversely affected.

Privacy and data security concerns, and data collection and transfer restrictions and related domestic or foreign regulations may limit the use and adoption of our solutions and adversely affect our business.

Personal privacy, information security, and data protection are significant issues in the United States, Europe and many other jurisdictions where we offer our platform. The regulatory framework governing the collection, processing, storage and use of business information, particularly information that affects financial statements, and personal data, is rapidly evolving and any failure or perceived failure to comply with applicable privacy, security, or data protection laws or regulations may adversely affect our business.

The U.S. federal and various state and foreign governments have adopted or proposed requirements regarding the collection, distribution, use, security and storage of personally identifiable information and other data relating to individuals, and federal and state consumer protection laws are being applied to enforce regulations related to the online collection, use and dissemination of data. Some of these requirements include obligations on companies to notify individuals of security breaches involving particular personal information, which could result from breaches experienced by us or by organizations with which we have formed strategic relationships. Even though we may have contractual protections with such organizations, notifications related to a security breach could impact our reputation, harm customer confidence, hurt our expansion into new markets or cause us to lose existing customers.

Further, many foreign countries and governmental bodies, including the European Union, or EU, where we conduct business and have offices, have laws and regulations concerning the collection and use of personal data obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of data that identifies or may be used to identify or locate an individual, such as names, email addresses and, in some jurisdictions, Internet Protocol, or IP, addresses. With regard to data transfers of personal data from our European employees and customers to the United States, we have historically relied on our adherence to the U.S. Department of Commerce’s Safe Harbor Privacy Principles and compliance

with the U.S.-EU and U.S.-Swiss Safe Harbor Frameworks as agreed to and set forth by the U.S. Department of Commerce, and the European Union and Switzerland, which established means for legitimizing the transfer of personal data by companies doing business in Europe from the EU to the U.S. As a result of the October 6, 2015 European Court of Justice opinion in Case C-362/14 (Schrems v. Data Protection Commissioner) or, the ECJ Ruling, the U.S.-EU Safe Harbor Framework was deemed an invalid method of compliance with EU restrictions on data transfers. We have taken certain measures to legitimize our transfers of personal data, both internally and on behalf of our customers, from the EU to the United States in the wake of the ECJ Ruling. Our means for transferring personal data from the EU may not be adopted by all of our customers and may be subject to legal challenge by data protection authorities, and we may experience reluctance or refusal by European customers to use our solutions due to potential risk exposure as a result of the ECJ Ruling. We and our customers face a risk of enforcement actions taken by EU data protection authorities regarding data transfers from the EU to the United States.

We also expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States, the EU, and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. Such laws and regulations are often subject to differing interpretations and may be inconsistent among jurisdictions. These and other requirements could reduce demand for our service, increase our costs, impair our ability to grow our business, or restrict our ability to store and process data or, in some cases, impact our ability to offer our service in some locations and may subject us to liability. Further, in view of new or modified federal, state or foreign laws and regulations, industry standards, contractual obligations and other legal obligations, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices or to expend significant resources to modify our software or platform and otherwise adapt to these changes. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited.

Our customers also expect that we comply with regulatory standards that may place additional burdens on us. Our customers expect us to meet voluntary certifications or adhere to standards established by third parties, such as the SSAE 16, SOC1 and SOC2 audit processes, and may demand that they be provided a report from our auditors that we are in compliance. If we are unable to maintain these certifications or meet these standards, it could adversely affect our customers' demand for our service and could harm our business.

The costs of compliance with and other burdens imposed by laws, regulations and standards may limit the use and adoption of our service and reduce overall demand for it, or lead to significant fines, penalties or liabilities for any noncompliance. Privacy, information security, and data protection concerns, whether valid or not valid, may inhibit market adoption of our platform, particularly in certain industries and foreign countries.

We depend and rely upon SaaS applications from third parties to operate our business and interruptions or performance problems with these technologies may adversely affect our business and operating results.

We rely heavily on SaaS applications from third parties in order to operate critical functions of our business, including billing and order management, enterprise resource planning, and financial accounting services. If these services become unavailable due to extended outages, interruptions, or because they are no longer available on commercially reasonable terms, our expenses could increase, our ability to manage finances could be interrupted and our processes for managing sales of our solutions and supporting our customers could be impaired until equivalent services, if available, are identified, obtained, and implemented, all of which could adversely affect our business.

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

We rely on computer hardware purchased or leased and software licensed from third parties in order to deliver our software solutions. 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 delaying or preventing our ability to provide our software solutions 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 software solutions could result in errors or a failure, which could damage our reputation, impede our ability to provide our platform or process information, and adversely affect our business and results of operations.

We face exposure to foreign currency exchange rate fluctuations that could harm our results of operations.

We conduct transactions, particularly intercompany transactions, in currencies other than the U.S. dollar, primarily the British pound and the Euro. As we grow our international operations, we expect the amount of our revenues that are denominated in foreign currencies to increase in the future. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar could affect our revenue and operating results due to transactional and translational remeasurements that are reflected in our results of operations. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

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 solutions 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. Obtaining the necessary authorizations, including any required license, for a particular export or sale may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. The U.S. export control laws and economic sanctions laws prohibit the export, reexport or transfer of specific products and services to U.S. embargoed or sanctioned countries, governments and persons. Even though we take precautions to prevent our solutions from being provided to U.S. sanctions targets, our solutions could be sold by resellers despite such precautions. Failure to comply with the U.S. export control, sanctions and import laws could have negative consequences, including government investigations, penalties and reputational harm. We and our employees could be subject to civil or criminal penalties, including the possible loss of export or import privileges; fines, and, in extreme cases, the incarceration of responsible employees or managers. In addition, if our resellers fail to obtain appropriate import, export or re-export licenses or authorizations, we may also be adversely affected through reputational harm and penalties.

In addition, various countries regulate the import of encryption technology, including through import permitting/licensing requirements, and have enacted laws that could limit our ability to distribute our solutions or could limit our customers' ability to implement or access our solutions in those countries. Changes in our solutions or changes in export, sanctions and import regulations may create delays in the introduction and sale of our solutions in international markets, prevent our customers with international operations from accessing our solutions or, in some cases, preventing the export or import of our solutions to some 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 solutions, or in our decreased ability to export or sell our solutions to existing or potential customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would likely adversely affect our business, financial condition and results of operations.

We may acquire or invest in companies, but we may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such transactions.

We may evaluate and consider potential strategic transactions, including mergers with or into other companies, and acquisitions of, or investments in, businesses, technologies, services, products, and other assets in the future. We also may enter into relationships with other businesses to expand our products and services, which could involve preferred or exclusive licenses, additional channels of distributions or discount pricing.

Any acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, their software is not easily adapted to work with our platform, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. Acquisitions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for development of our existing business. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown risks or liabilities.

Negotiating these transactions can be time-consuming, difficult, and expensive, and our ability to complete these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if announced, may not be completed. For one or more of those transactions, we may:

- issue additional equity securities that would dilute our existing stockholders;
- use cash that we may need in the future to operate our business;
- incur large charges or substantial liabilities;
- incur debt on terms unfavorable to us or that we are unable to repay;
- encounter difficulties retaining key employees of the acquired company or integrating diverse software codes or business cultures; and
- become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges.

Changes in laws and regulations related to the Internet and cloud computing or changes to Internet infrastructure may diminish the demand for our solutions, and could have a negative impact on our business.

The future success of our business depends upon the continued use of the Internet as a primary medium for commerce, communication, and business applications. Federal, state, or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Regulators in some industries have also adopted, and may in the future adopt regulations or interpretive positions regarding the use of SaaS and cloud computing solutions. For example, some financial services regulators have imposed guidelines for the use of cloud computing services that mandate specific controls or require financial services enterprises to obtain regulatory approval prior to utilizing such software. Changes in these laws or regulations could require us to modify our solutions in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees, or other charges for accessing the Internet or commerce conducted via the Internet. These laws or charges could limit the growth of Internet-related commerce or communications generally, or result in reductions in the demand for Internet-based solutions and services such as ours. In addition, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility, and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by "viruses," "worms," and similar malicious programs and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the Internet is adversely affected by these issues, demand for our solutions could decline.

Incorrect or improper implementation or use of our solutions could result in customer dissatisfaction and negatively affect our business, results of operations, financial condition, and growth prospects.

Our platform is deployed in a wide variety of technology environments and into a broad range of complex workflows. Our platform has been integrated into large-scale, enterprise-wide technology environments, and specialized use cases, and our success depends on our ability to implement our platform successfully in these environments. We often assist our customers in implementing our platform, but many customers attempt to implement even complex deployments themselves or use a third-party service firm. If we or our customers are unable to implement our platform successfully, or are unable to do so in a timely manner, customer perceptions of our platform and company may be impaired, our reputation and brand may suffer, and customers may choose not to renew or expand the use of our platform.

Our customers and third-party resellers may need training in the proper use of our platform to maximize its potential. If our platform is not implemented or used correctly or as intended, including if customers input incorrect or incomplete financial data into our platform, inadequate performance may result. Because our customers rely on our platform to manage their financial close and other financial tasks, the incorrect or improper implementation or use of our platform, our failure to train customers on how to efficiently and effectively use our platform, or our failure to provide adequate product support to our customers, may result in negative publicity or legal claims against us. Also, as we continue to expand our customer base, any failure by us to properly provide these services will likely result in lost opportunities for additional subscriptions to our platform.

Any failure to offer high-quality product support may adversely affect our relationships with our customers and our financial results.

In deploying and using our solutions, our customers depend on our support services team to resolve complex technical and operational issues. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for product support. We also may be unable to modify the nature, scope and delivery of our product support to compete with changes in product support services provided by our competitors. Increased customer demand for product support, without corresponding revenue, could increase costs and adversely affect our operating results. Our sales are highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality product support, or a market perception that we do not maintain high-quality product support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, our business, operating results, and financial position.

Unfavorable conditions in our industry or the global economy 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 customers. The revenue growth and potential profitability of our business depend on demand for business software applications and services generally and for accounting and finance systems in particular. Weak economic conditions affect the rate of accounting and finance and information technology spending and could adversely affect our customers' or potential customers' ability or willingness to purchase our cloud platform, delay purchasing decisions, reduce the value or duration of their subscription contracts, or affect attrition rates, all of which could adversely affect our operating results. If economic conditions deteriorate, our customers and prospective customers may elect to decrease their accounting and finance and information technology budgets, which would limit our ability to grow our business and negatively affect our operating results.

We provide service level commitments under our customer contracts, and if we fail to meet these contractual commitments, our revenues could be adversely affected.

Our customer agreements typically provide service level commitments. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our applications, we may be contractually obligated to provide these customers with service credits, refunds for prepaid amounts related to unused subscription services, or we could face contract terminations. Our revenues could be significantly affected if we suffer unscheduled downtime that exceeds the allowed downtimes under our agreements with our customers. Any extended service outages could adversely affect our reputation, revenues and operating results.

Seasonality could cause our operating results and financial metrics to fluctuate from quarter to quarter and make them more difficult to predict.

We typically add fewer customers in the first quarter of the year than other quarters. We also experience a higher volume of sales at the end of each quarter and year, which is often the result of buying decisions by our customers. Seasonality may be reflected to a much lesser extent, and sometimes may not be immediately apparent, in our revenue, due to the fact that we recognize subscription revenue over the term of our agreements. We may also increase expenses in a period in anticipation of future revenues. Changes in the number of customers and users in different periods will cause fluctuations in our financial metrics and, to a lesser extent revenues. Those changes and fluctuations in our expenses will affect our results on a quarterly basis, and will make forecasting our future operating results and financial metrics difficult.

Our credit facility contains operating and financial covenants that restrict our business and financing activities and, in some cases, could result in an immediate requirement to repay our outstanding loans.

Borrowings under our credit facility are secured by substantially all of our assets, including our intellectual property. We expect to pay the entire outstanding balance under our credit facility with proceeds from this offering, including a 1% prepayment premium. Our credit facility restricts our ability to, among other things:

- dispose of or sell our assets;
- make material changes in our business or management;
- consolidate or merge with other entities;
- incur additional indebtedness;
- create liens on our assets;
- pay dividends;
- make investments, including capital expenditures;
- enter into transactions with affiliates; and
- pay off or redeem subordinated indebtedness.

These restrictions are subject to exceptions. In addition, our credit facility requires us to maintain a maximum consolidated leverage ratio, among other requirements. The credit facility, which was entered into by our operating subsidiary, BlackLine Systems, Inc. and guaranteed by our intermediary holding company, BlackLine Intermediate, Inc., also places restrictions on BlackLine Systems, Inc.'s ability to make dividend payments, loans or advances to us and our subsidiaries. All of BlackLine Systems, Inc.'s net assets are restricted from making dividend payments, loans or advances to us and our subsidiaries. Restricted net assets as of December 31, 2014 amounted to $184.0 million.

The operating and financial restrictions and covenants in the credit facility, as well as any future financing agreements that we may enter into, could restrict our ability to finance our operations and to engage in, expand or otherwise pursue business activities and strategies that we or our stockholders may consider beneficial. Our ability to comply with these covenants may be affected by events beyond our control, and future breaches of any of these covenants could result in a default under the credit facility. Future defaults, if not waived, could cause all of the outstanding indebtedness under our credit facility to become immediately due and payable and would permit the lenders to terminate all commitments to extend further credit and permit the administrative and collateral agent, on behalf of the lenders, to proceed against the collateral in which we granted the lenders a security interest.

Our credit facility contemplates that we may enter into a revolving loan agreement with lenders and agents, if any, reasonably acceptable to the agent under our credit facility providing for a revolving credit facility of up to $10.0 million. We have not yet entered into such an agreement.

If we do not have or are unable to generate sufficient cash available to repay our debt obligations when they become due and payable, either upon maturity or in the event of a default, we may not be able to obtain additional debt or equity financing on favorable terms, if at all. This could materially and adversely affect our liquidity and financial condition and our ability to operate and continue our business as a going concern.

Our international operations subject us to potentially adverse tax consequences.

We report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations. We believe that our financial statements reflect adequate reserves to cover such a contingency, but there can be no assurances in that regard.

The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.

Recent changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

Our ability to use our net operating losses to offset future taxable income may be subject to limitations.

As of December 31, 2014, we had federal and State of California net operating loss carryforwards, or NOLs, of $43.0 million and $42.6 million, respectively. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its NOLs to offset future taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes, and if we undergo an ownership change in connection with or after this offering, our ability to utilize NOLs could be further limited by Section 382 of the Code. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.

Sales and use, value added and similar tax laws and rates vary greatly by jurisdiction and are subject to change from time to time. Some jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties and interest or future requirements may adversely affect our results of operations.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this prospectus relating to the size and expected growth of the market for a comprehensive platform to automate accounting and finance processes and integrate ERPs may prove to be inaccurate. Even if the market in which we compete meets the size estimates and growth forecasted in this prospectus, our business could fail to grow at similar rates, if at all.

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

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our existing solutions, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of 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, or 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.

Natural disasters and other events beyond our control could harm our business.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce and the global economy, and thus could have a strong negative effect on us. Our business operations are subject to interruption by natural disasters, fire, power shortages, pandemics and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our solutions to our customers, and could decrease demand for our solutions. The majority of our research and development activities, corporate headquarters, information technology systems and other critical business operations are located in California, which has experienced major earthquakes in the past. Significant recovery time could be required to resume operations and our financial condition and operating results could be harmed in the event of a major earthquake or catastrophic event.

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

We review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. As of September 30, 2015, we had goodwill and intangible assets with a net book value of $223.0 million related to the Acquisition. An adverse change in market conditions, particularly if such change has the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or intangible assets. Any such charges may have a material negative impact on our operating results.

Risks Related to Ownership of Our Common Stock and this Offering

There has been no prior market for our common stock and an active market may not develop or be sustained and investors may not be able to resell their shares at or above the initial public offering price.

There has been no public market for our common stock prior to this offering. The initial public offering price for our common stock was determined through negotiations between the underwriters and us and may vary from the market price of our common stock following this offering. If you purchase shares of our common stock in this offering, you may not be able to resell those shares at or above the initial public offering price, if at all. An active or liquid market in our common stock may not develop following this offering or, if it does develop, it may not be sustainable.

Our stock price may be volatile or may decline regardless of our operating performance resulting in substantial losses for investors purchasing shares in this offering.

The trading price of our common stock is likely to be volatile and could fluctuate widely regardless of our operating performance. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- ratings changes by any securities analysts who follow our company;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic relationships, joint ventures, or capital commitments;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market from time to time, including as a result of trends in the economy as a whole;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- developments or disputes concerning our intellectual property, or our products or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations, or new interpretations of existing laws or regulations applicable to our business;
- any major change in our board of directors or management;
- sales of shares of our common stock by us or our stockholders;
- lawsuits threatened or filed against us; and
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events.

In addition, the stock markets, and in particular the market on which our common stock will be listed, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from operating our business, and adversely affect our business, results of operations, financial condition and cash flows.

The company will be controlled by our Principal Stockholders, whose interests may differ from those of other stockholders.

Immediately following this offering, our Principal Stockholders will beneficially own, in the aggregate, approximately % of our outstanding common stock and directors affiliated with our Principal Stockholders will comprise a majority of our board of directors. Further, we will enter into a Stockholder Agreement with the Principal Stockholders which will provide that the Principal Stockholders will be entitled to designate members of our board of directors as described in "Management—Board Composition." We anticipate that the parties to the Stockholder Agreement will agree to vote for these nominees as well as other directors recommended by our nominating and corporate governance committee.

Under the Stockholder Agreement and subject to our certificate of incorporation and bylaws, as amended and restated in connection with this offering, and applicable law, for so long as the Principal Stockholders collectively beneficially own a number of shares equal to 40% of the total number of shares of our common stock outstanding after completion of this offering, as adjusted for any reorganization, recapitalization, stock dividend, stock split, reverse stock split or similar changes in our capitalization, the following actions will require the approval of our board of directors, including the affirmative vote of at least two directors designated by Silver Lake:

- dissolution, liquidation, reorganization or bankruptcy of the company or its subsidiaries;
- certain dispositions of assets or joint ventures in excess of $50 million by the company or its subsidiaries;
- material changes in the nature of the company's or its subsidiaries' business;
- any amendments to the company's amended and restated certificate of incorporation and amended and restated bylaws;
- incurrence of indebtedness in excess of $150 million;
- appointment or termination of the Chief Executive Officer; and
- change of control transactions.

See "Certain Relationships and Related Party Transactions—Transactions in Connection with the Offering—Stockholder Agreement."

Immediately following this offering, the Principal Stockholders will be able to determine the outcome of all matters requiring stockholder approval, including mergers and other material transactions, and will be able to cause or prevent a change in the composition of our board of directors or a change in control of our company that could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

Further, our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, the doctrine of "corporate opportunity" will not apply to Silver Lake, Iconiq, their respective affiliates or the directors they designate, pursuant to their rights under the Stockholder Agreement in a manner that would prohibit them from investing in competing businesses or doing business with our partners or customers. Accordingly, these directors will have the rights to pursue business opportunities that may be of interest to the company and which they would otherwise need to provide to the company. See "Description of Capital Stock— Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws."

Although we do not expect to rely on the "controlled company" exemption, we will be a "controlled company" within the meaning of the stock exchange rules and we will qualify for exemptions from certain corporate governance requirements.

Because our Principal Stockholders will, collectively, own a majority of our outstanding common stock following the completion of this offering, we will be considered a "controlled company" as that term is set forth in the stock exchange rules. Under these rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a "controlled company" and may elect not to comply with certain stock exchange rules regarding corporate governance, including:

- the requirement that a majority of its board of directors consist of independent directors;
- the requirement that its nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that its compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These requirements will not apply to us as long as we remain a "controlled company." Although we qualify as a "controlled company," we do not expect to rely on this exemption and intend to fully comply with all corporate governance requirements under the stock exchange rules. However, if we were to utilize some or all of these exemptions, you may not have the same protections afforded to stockholders of companies that are subject to all of the stock exchange rules regarding corporate governance.

Substantial future sales of shares of our common stock could cause the market price of our common stock to decline.

The market price of our common stock could decline as a result of substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, a large number of shares of our common stock becoming available for sale or the perception in the market that holders of a large number of shares intend to sell their shares. After this offering, we will have outstanding shares of our common stock, based on the number of shares outstanding as of September 30, 2015. This includes the shares included in this offering, which may be resold in the public market immediately. The remaining shares are currently restricted as a result of market stand-off agreements and lock-up agreements with the underwriters restricting their sale for 180 days after the date of this prospectus. Goldman, Sachs & Co. and Credit Suisse Securities (USA) LLC may, in their sole discretion, permit our officers, directors, employees and current stockholders who are subject to lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

Additionally, the shares of common stock subject to outstanding warrants or outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive

plans will become eligible for sale in the public market in the future, subject to legal and contractual limitations. See “Shares Eligible for Future Sale” for a more detailed description of sales that may occur in the future.

After this offering, the holders of an aggregate of shares of our common stock as of September 30, 2015 will have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or our stockholders. We also intend to register shares of common stock that we may issue under our employee equity incentive plans. Once we register these shares, they will be able to be sold freely in the public market upon issuance, subject to market stand-off or lock-up agreements.

As a new investor, you will incur immediate and substantial dilution as a result of this offering.

The initial public offering price will be substantially higher than the pro forma net tangible book value per share of our outstanding common stock. As a result, investors purchasing common stock in this offering will incur immediate dilution of $ per share, based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of the prospectus), and new investors will own approximately % of our outstanding common stock. This dilution is due in large part to earlier investors having generally paid substantially less than the initial public offering price when they purchased their shares. In addition, the exercise of outstanding options and warrants will, and future equity issuances may, result in further dilution to investors.

Provisions of our corporate governance documents could make an acquisition of the company more difficult and may impede attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.

Our amended and restated certificate of incorporation and amended and restated bylaws and the Delaware General Corporation Law, or DGCL, will contain provisions that could make it more difficult for a third-party to acquire us, even if doing so might be beneficial to our stockholders. Among other things:

- we will have authorized but unissued shares of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include supermajority voting, special approval, dividend, or other rights or preferences superior to the rights of stockholders;
- we will have a classified board of directors with staggered three-year terms;
- stockholder action by written consent will be prohibited from and after the date on which the Principal Stockholders beneficially own, in the aggregate, less than 35% of the total number of shares of our common stock then outstanding;
- for as long as the Principal Stockholders beneficially own, in the aggregate, at least 40% of the total number of shares of our common stock then outstanding, any amendment, alteration, rescission or repeal of our amended and restated bylaws or of certain provisions of our amended and restated certificate of incorporation by our stockholders will require the affirmative vote of 60% of the total number of shares of our common stock then outstanding and at any time when the Principal Stockholders beneficially own, in the aggregate, less than 40% of the total number of shares of our common stock then outstanding, any amendment, alteration, rescission or repeal of our amended and restated bylaws or of certain provisions of our amended and restated certificate of incorporation by our stockholders will require the affirmative vote of the holders of at least 75% of the total number of shares of our common stock then outstanding; and

- stockholders are required to comply with advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; provided, however, that such advance notice procedures will not apply to the Principal Stockholders at any time when such person or entity, beneficially owns at least 10% of the total number of shares of our common stock then outstanding.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of the company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. See “Description of Capital Stock.”

We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the federal securities laws, and we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We will remain an “emerging growth company” until the last day of the fiscal year following the five-year anniversary of the completion of this offering, although if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the end of the second quarter of a fiscal year prior to the five-year anniversary, we would cease to be an “emerging growth company” as of the following December 31.

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

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the exchanges and other markets upon which our common stock is listed, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an “emerging growth company.” The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. We will be required to disclose changes made in our internal control and procedures on a quarterly basis and we will be required to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the

effective date of this offering. However, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC, or the date we are no longer an "emerging growth company." As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest substantial resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a return.

Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not increase the value of our business, which could cause our stock price to decline.

We do not intend to pay dividends on our common stock so any returns will be limited to changes in the value of our common stock.

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation, and expansion of our

business, and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, our ability to pay cash dividends on our common stock is restricted by our current credit facility and may be prohibited or limited by the terms of our current and future debt financing arrangements. Any return to stockholders will therefore be limited to the increase, if any, of our stock price, which may never occur.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our common stock would be negatively affected. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our amended and restated certificate of incorporation, as will be in effect upon the completion of this offering, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against us arising pursuant to any provision of the DGCL, or (4) any action asserting a claim against us that is governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having jurisdiction over indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to this provision. The forum selection clause in our amended and restated certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- our ability to attract new customers and expand sales to existing customers;
- the retention of our customers;
- our ability to manage growth effectively;
- our future financial performance and ability to achieve and maintain profitability;
- our ability to provide successful enhancements, new features and modifications to our solutions;
- the success of a limited number of solutions for which we derive substantially all of our revenues;
- our relationships with technology vendors, professional services firms and business process outsourcers;
- breaches or unauthorized access to customer data;
- interruptions or performance problems associated with our solutions, platform and technology;
- our ability to prevent serious errors or defects in our products; and
- our use of the net proceeds of this offering.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

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

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, market opportunity and market size, is based on information from various sources, including reports we commissioned with Frost & Sullivan, on assumptions we have made based on such data and other similar sources and on our knowledge of the markets for our solutions. While we are not aware of any misstatements regarding any third-party information presented in this prospectus, estimates of third parties, particularly as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties, and are subject to change based on various factors, including those described in the section titled “Risk Factors” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the third parties and by us.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of our common stock in this offering will be approximately $, based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares of our common stock from us is exercised in full, we estimate that the net proceeds to us would be approximately $ million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the net proceeds to us from the sale of shares of our common stock in this offering by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, the net proceeds to us from the sale of shares of our common stock in this offering by approximately $ million, assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to obtain additional capital and increase our financial flexibility, create a public market for our stock, and increase our visibility in the marketplace. We currently intend to use the net proceeds we receive from this offering to repay the entire outstanding balance under our credit facility and for general corporate purposes, including working capital, research and development activities, sales and marketing activities, general and administrative matters and capital expenditures and to fund our growth plans. As of September 30, 2015, $29.2 million of principal was outstanding under a term loan we entered into under our credit facility, or the Term Loan. Our credit facility requires us to pay a prepayment premium of 1% of the amount prepaid in the event of an early prepayment prior to September 2016. The Term Loan has a term of five years and expires and matures on September 25, 2018. It bears interest at (i) the greater of LIBOR or 1.5% plus (ii) 8%, and can be paid in varying amounts in cash or in kind. At September 30, 2015, the interest rate on the Term Loan was 9.5%. For additional discussion of our credit facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." We may also, in our discretion, use a portion of the net proceeds for the acquisition of, or investment in, businesses, products, services, or technologies that complement our business, although we have no current commitments or agreements to enter into any acquisitions or investments. We will have broad discretion over the uses of the net proceeds of this offering.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock. We currently intend to retain any future earnings to fund business development and growth, and we do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant. Currently, the provisions of our credit facility place certain limitations on the amount of cash dividends we can pay.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization at September 30, 2015:

- on an actual basis; and
- on a pro forma basis giving effect to (i) the issuance of shares of our common stock in this offering, at an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us, (ii) the retirement of 235,000 shares of treasury stock and (iii) and the use of proceeds from the offering to repay all principal amounts outstanding under our credit facility, including the 1% prepayment premium, each as if such events had occurred on September 30, 2015.

You should read this table together with our consolidated financial statements and related notes, and the sections titled “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are included elsewhere in this prospectus.

	As of September 30, 2015	
	Actual	Pro Forma(1)
	(in thousands, except share data)	
Cash and cash equivalents	$ 18,015	$
Term loan, net	27,681	
Common stock warrant liability	5,250	
Stockholders’ equity:		
Common stock, $0.01 par value, 250,000,000 shares authorized, 203,530,765 issued and 203,295,765 outstanding actual, and issued and outstanding pro forma	2,035	
Treasury stock, 235,000 shares at cost actual and no shares pro forma	(254)	
Additional paid-in capital	210,814	
Accumulated deficit	(40,949)	
Total stockholders’ equity	171,646	
Total capitalization	$ 204,577	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of our common stock of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the amount of our pro forma cash and cash equivalents, additional paid-in capital and total stockholders’ equity by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. An increase or decrease of shares in the number of shares offered by us would increase or decrease, as applicable, the amount of our pro forma cash and cash equivalents, additional paid-in capital and total stockholders’ equity by approximately $ million, assuming that the initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us.

If the underwriters' option to purchase additional shares of our common stock from us were exercised in full, as of September 30, 2015, pro forma cash and cash equivalents would be $ million, additional paid-in capital would be $ million, total stockholders' equity would be $ million and shares outstanding would be .

The pro forma column in the table above is based on 203,295,765 shares of our common stock outstanding as of September 30, 2015, and excludes the following:

- 28,988,384 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of September 30, 2015, with a weighted-average exercise price of $1.69 per share;
- 2,500,000 shares of our common stock issuable upon the exercise of warrants to purchase shares of our common stock outstanding as of September 30, 2015, with an exercise price of $1.00 per share; and
- shares of our common stock reserved for future issuance under our stock-based compensation plans, consisting of (i) 312,750 shares of common stock reserved for future awards under the 2014 Equity Incentive Plan, or our 2014 Plan, as of September 30, 2015 (which will terminate as of the completion of this offering and no awards will be granted under our 2014 Plan thereafter), (ii) shares of common stock reserved for issuance under our 2016 Employee Equity Incentive Plan, or our 2016 Plan, which will become effective on the date of this prospectus and (iii) shares of common stock reserved for issuance under our 2016 Employee Stock Purchase Plan, or our 2016 ESPP, which will become effective on the date of this prospectus. Stock options to purchase an aggregate of 775,500 shares of our common stock, with an exercise price of $3.00 per share were granted after September 30, 2015 under our 2014 Plan and the number of shares reserved for future issuance under our 2014 Plan was increased to 1,361,125 subsequent to September 30, 2015. Any shares that, as of the effective date of the registration statement of which this prospectus forms a part, have been reserved but not issued pursuant to awards granted under our 2014 Plan and are not subject to any awards granted under our 2014 Plan, plus any shares covering awards granted under our 2014 Plan that, on or after the effective date of the registration statement of which this forms a part, expire or terminate without having been exercised in full or are forfeited to or repurchased by us, will become available for issuance under our 2016 Plan, with the maximum number of shares to be added to our 2016 Plan, from our 2014 Plan equal to shares. Our 2016 Plan and our 2016 ESPP also provide for automatic annual increases in the number of shares reserved under the plans, as more fully described in "Executive Compensation—Employee Benefit and Stock Plans."

DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock immediately after this offering. Dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of our common stock in this offering and the pro forma net tangible book value per share of our common stock immediately after completion of this offering.

Our historical net tangible book deficit as of September 30, 2015 was $51.4 million, or $(0.25) per share. Our historical net tangible book value per share represents our total tangible assets less our total liabilities, divided by the number of shares of common stock outstanding as of September 30, 2015.

After giving effect to (i) the sale by us of shares of our common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, (ii) the retirement of 235,000 shares of treasury stock and; (iii) the use of proceeds from the offering to repay all principal amounts outstanding under our credit facility including a 1% prepayment premium each as if such events had occurred on September 30, 2015 our pro forma net tangible book value as of September 30, 2015 would have been $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of $ per share to investors purchasing shares of our common stock in this offering at the assumed initial public offering price. The following table illustrates this dilution:

Assumed initial public offering price per share		$
Historical net tangible book deficit per share as of September 30, 2015	$(0.25)	
Increase in pro forma net tangible book value per share attributable to new investors in this offering		
Pro forma net tangible book value per share immediately after this offering		
Dilution in pro forma net tangible book value per share to new investors in this offering		$

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our pro forma net tangible book value per share immediately after this offering by $, and would increase or decrease, as applicable, dilution per share to new investors in this offering by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, our pro forma net tangible book value by approximately $ per share and increase or decrease, as applicable, the dilution to new investors by $ per share, assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions payable by us.

If the underwriters' option to purchase additional shares of our common stock from us is exercised in full, the pro forma net tangible book value per share of our common stock, as adjusted to give effect to this offering, would be $ per share, and the dilution in pro forma net tangible book value per share to new investors in this offering would be $ per share.

The following table presents, as of September 30, 2015, the differences between the existing stockholders and the new investors purchasing shares of our common stock in this offering with respect to the number of shares purchased from us, the total consideration paid or to be paid to us, which includes net proceeds received from the issuance of shares of our common stock and the average price per share paid or to be paid to us at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	203,295,765	%	$204,599,000	%	$ 1.01
New investors		%		%	$
Totals		100%	$	100%	

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the total consideration paid by new investors and total consideration paid by all stockholders by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares of our common stock from us. If the underwriters' option to purchase additional shares of our common stock were exercised in full, our existing stockholders would own % and our new investors would own % of the total number of shares of our common stock outstanding upon the completion of this offering.

The number of shares of our common stock that will be outstanding after this offering is based on 203,295,765 shares of our common stock outstanding as of September 30, 2015, and excludes:

- 28,988,384 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of September 30, 2015, with a weighted-average exercise price of $1.69 per share;
- 2,500,000 shares of our common stock issuable upon the exercise of warrants to purchase shares of our common stock outstanding as of September 30, 2015, with an exercise price of $1.00 per share; and
- shares of our common stock reserved for future issuance under our stock-based compensation plans, consisting of (i) 312,750 shares of common stock reserved for future awards under the 2014 Equity Incentive Plan, or our 2014 Plan, as of September 30, 2015 (which will terminate as of the completion of this offering and no awards will be granted under our 2014 Plan thereafter), (ii) shares of common stock reserved for issuance under our 2016 Equity Incentive Plan, or our 2016 Plan, which will become effective on the date of this prospectus and (iii) shares of common stock reserved for issuance under our 2016 Employee Stock Purchase Plan, or our 2016 ESPP, which will become effective on the date of this prospectus. Stock options to purchase an aggregate of 775,500 shares of our common stock, with an exercise price of $3.00 per share were granted after September 30, 2015 under our 2014 Plan and the number of shares reserved for future issuance under our 2014 Plan was

increased to 1,361,125 shares subsequent to September 30, 2015. Any shares that, as of the effective date of the registration statement of which this prospectus forms a part, have been reserved but not issued pursuant to awards granted under our 2014 Plan and are not subject to any awards granted under our 2014 Plan, plus any shares covering awards granted under our 2014 Plan that, on or after the effective date of the registration statement of which this forms a part, expire or terminate without having been exercised in full or are forfeited to or repurchased by us, will become available for issuance under our 2016 Plan, with the maximum number of shares to be added to our 2016 Plan, from our 2014 Plan equal to shares. Our 2016 Plan and our 2016 ESPP also provide for automatic annual increases in the number of shares reserved under the plans, as more fully described in "Executive Compensation—Employee Benefit and Stock Plans."

To the extent that any outstanding options to purchase our common stock or the warrants to purchase common stock are exercised, or new awards are granted under our equity compensation plans, there will be further dilution to investors participating in this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial data. You should read this selected consolidated financial data together with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

On September 3, 2013, we acquired BlackLine Systems, Inc., which we refer to as the Acquisition. Prior to the Acquisition, we had no significant operations. As a result, the consolidated financial statements for the periods from January 1, 2013 to September 2, 2013 are presented as BlackLine Systems, Inc., which we refer to as the Predecessor, and all subsequent periods are presented as BlackLine, Inc., which we refer to as the Successor. The Successor financial statements reflect a new basis of accounting as a result of the Acquisition and therefore are not comparable to the Predecessor financial statements. We refer to the period from January 1, 2013 to September 2, 2013 as the 2013 Predecessor Period and the period from September 3, 2013 to December 31, 2013 as the 2013 Successor Period.

The consolidated statements of operations data for the 2013 Predecessor Period is derived from the audited consolidated financial statements of the Predecessor that are included elsewhere in this prospectus. The consolidated statements of operations data for the 2013 Successor Period and the year ended December 31, 2014 and the consolidated balance sheet data as of December 31, 2013 and 2014 are derived from the audited consolidated financial statements of the Successor included elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 30, 2014 and 2015 and the consolidated balance sheet data as of September 30, 2015 are derived from the unaudited interim condensed consolidated financial statements of the Successor included elsewhere in this prospectus. Our unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of those unaudited condensed consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future.

Consolidated Statements of Operations Data:

	2013 Predecessor Period	2013 Successor Period	Year Ended December 31, 2014	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2015
		(In thousands except share and per share data)			
Revenues					
Subscription and support	$ 21,977	$ 7,723	$ 49,029	$ 33,513	$ 56,666
Professional services	1,407	860	2,648	2,090	2,467
Total revenues	23,384	8,583	51,677	35,603	59,133
Cost of revenues					
Subscription and support	4,442	4,346	14,380	10,511	14,220
Professional services	1,145	499	2,218	1,684	2,162
Total cost of revenues(1)	5,587	4,845	16,598	12,195	16,382
Gross profit	17,797	3,738	35,079	23,408	42,751
Operating expenses					
Sales and marketing(1)	10,453	6,895	31,837	20,840	39,694
Research and development(1)	4,738	2,225	9,705	6,730	12,938
General and administrative(1)	6,978	2,827	11,716	8,405	14,968
Acquisition related costs	5,586	1,634	—	—	—
Total operating expenses	27,755	13,581	53,258	35,975	67,600
Loss from operations	(9,958)	(9,843)	(18,179)	(12,567)	(24,849)
Other expense:					
Interest expense, net	(22)	(781)	(3,047)	(2,262)	(2,466)
Change in fair value of the common stock warrant liability	—	—	(3,700)	(1,970)	(170)
Other expense, net	(22)	(781)	(6,747)	(4,232)	(2,636)
Loss before income taxes	(9,980)	(10,624)	(24,926)	(16,799)	(27,485)
Provision for (benefit from) income taxes	21	(3,954)	(8,174)	(5,827)	(9,958)
Net loss	$ (10,001)	$ (6,670)	$ (16,752)	$ (10,972)	$ (17,527)
Net loss per share, basic and diluted	$ (0.12)	$ (0.03)	$ (0.08)	$ (0.05)	$ (0.09)
Weighted average common shares outstanding, basic and diluted	82,250,000	200,094,118	200,445,411	200,261,813	202,753,714
Pro forma net loss per share, basic and diluted (unaudited)(2)			$		$
Pro forma weighted average common shares, basic and diluted (unaudited)					

(1) The following table presents the stock-based compensation expense included in each respective expense category:

	2013 Predecessor Period	2013 Successor Period	Year Ended December 31, 2014	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2015
		(in thousands)			
Cost of revenues	$ 86	$ —	$ 249	$ 170	$ 351
Sales and marketing	124	—	1,059	717	1,747
Research and development	330	—	229	182	420
General and administrative	360	—	480	332	1,352
	$ 900	$ —	$ 2,017	$ 1,401	$ 3,870

(2) Pro forma basic and diluted net loss per share has been computed to give effect to the number of additional shares that would have been required to be issued to repay the outstanding credit facility balance, including the 1% prepayment premium, assuming the issuance of such shares at the assumed initial public offering price of $ per share which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Also, the numerator in the pro forma basic and diluted net loss per share calculation has been adjusted to reverse the interest expense, net of tax on the credit facility. The pro forma net loss per share does not include the proceeds to be received from the assumed initial public offering, or shares expected to be sold in the initial public offering, except for those shares necessary to be issued to repay the credit facility.

Consolidated Balance Sheet Data:

	As of December 31,		As of September 30, 2015	
	2013	2014	Actual	Pro Forma(1)
	(in thousands)			
Cash and cash equivalents	$ 14,855	$ 25,707	$ 18,015	$
Total assets	276,492	286,184	287,128	
Deferred revenue	17,328	34,574	47,041	
Long-term debt	23,132	25,673	27,681	
Total stockholders' equity	193,852	183,947	171,646	

(1) The pro forma balance sheet gives effect to (i) the issuance of shares of our common stock in this offering, at an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us (ii) the retirement of 235,000 shares of treasury stock and (iii) the use of proceeds from the offering to repay all principal amounts outstanding under our credit facility, including a 1% early prepayment premium each as if such events had occurred on September 30, 2015.

Key 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.

	December 31,		September 30,	
	2013	2014	2014	2015
Dollar-based net revenue retention rate	120%	118%	118%	120%
Number of customers (as of end of period)	738	987	905	1,219
Number of users (as of end of period)	67,387	93,665	86,154	119,912

Dollar-based net revenue retention rate. We believe that dollar-based net revenue retention rate is an important metric to measure the long-term value of customer agreements and our ability to retain and grow our relationships with existing customers over time. We calculate dollar-based net revenue retention rate as the implied monthly subscription revenue at the end of a period for the base set of customers from which we generated subscription revenue in the year prior to the calculation, divided by the implied monthly subscription revenue one year prior to the date of calculation for that same customer base. This calculation does not reflect implied monthly subscription revenue for new customers added during the one year period but does include the effect of customers who terminated

during the period. We define implied monthly subscription revenue as the total amount of minimum subscription and support revenue contractually committed to, under each of our customer agreements over the entire term of the agreement, divided by the number of months in the term of the agreement.

Number of customers. We believe that our ability to expand our customer base is an indicator of our market penetration and the growth of our business. We define a customer as an entity with an active subscription agreement as of the measurement date. In situations where an organization has multiple subsidiaries or divisions, each entity that is invoiced as a separate entity is treated as a separate customer. For the 2013 Predecessor Period, the 2013 Successor Period, the year ended December 31, 2014 and the nine months ended September 30, 2015, no single customer accounted for more than 10% of our total revenues.

Number of users. Since our customers generally pay fees based on the number of users of our platform within their organization, we believe the total number of users is an indicator of the growth of our business.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the non-GAAP measures below are useful in evaluating our business. These non-GAAP financial measures provide consistency and comparability with our past performance, facilitate period-to-period comparisons of operations, and facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

	Year Ended December 31,		Nine Months Ended September 30,	
	2013	2014	2014	2015
	(in thousands, except percentages)			
Non-GAAP Revenues	$ 38,012	$ 56,629	$40,555	$59,133
Non-GAAP Gross Profit	$ 29,714	$ 46,419	$33,134	$47,706
Non-GAAP Gross Margin	78.2%	82.0%	81.7%	80.7%
Non-GAAP Cash Provided by (Used in) Operations	$ 1,886	$ 8,943	$ 7,141	$ (150)

Non-GAAP Revenues. We define non-GAAP revenues as our GAAP revenues adjusted for the impact of purchase accounting resulting from the Acquisition. Upon the Acquisition, deferred revenue at the Acquisition date was recorded at fair value, resulting in a reduction from its then carrying value. This reduction resulted in reduced revenue in the 2013 Successor Period and for the year ended December 31, 2014. Our non-GAAP revenues for the year ended December 31, 2013 combines the GAAP revenues for the 2013 Predecessor Period and the 2013 Successor Period adjusted for by the purchase accounting adjustment. We believe that presenting non-GAAP revenues is useful to investors as it more fully reflects our core revenue growth rate during 2013 and 2014 and allows a direct comparison of revenues between periods. The purchase accounting adjustments related to the Acquisition will not affect our revenues for the year ended December 31, 2015 or future periods.

Non-GAAP Gross Profit and Non-GAAP Gross Margin. We define non-GAAP gross profit as our non-GAAP revenues less our GAAP cost of revenue adjusted for the amortization of acquired developed technology resulting from the Acquisition and stock-based compensation. We define non-GAAP gross margin as our non-GAAP gross profit divided by our non-GAAP revenues. We believe that presenting non-GAAP gross margin is useful to investors as it eliminates the impact of items that we do not consider indicative of our core operating performance and that have been impacted by purchase accounting, and allows a direct comparison of gross margin between periods.

Non-GAAP Cash Provided by (Used in) Operations. We define non-GAAP cash provided by (used in) operations as our GAAP net cash provided by (used in) operating activities adjusted for the acquisition related costs resulting from the Acquisition. Our non-GAAP cash provided by operations for the year ended December 31, 2013 combines the GAAP net cash provided by (used in) operations for the 2013 Predecessor Period and 2013 Successor Period reduced by acquisition related costs. We believe that presenting non-GAAP cash provided by (used in) operations is useful to investors as it eliminates the impact of non-recurring costs associated with the Acquisition and allows a direct comparison of operating cash flow between periods. The acquisition related costs resulting from the Acquisition did not affect our cash provided by operations for the year ended December 31, 2014 and will not affect our cash provided by (used in) operations in future periods.

Reconciliation of Non-GAAP Financial Measures

Our non-GAAP financial measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for an analysis of our results under GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. First, non-GAAP revenues, non-GAAP gross profit, non-GAAP gross margin and non-GAAP cash provided by (used in) operations are not substitutes for revenue, gross profit, gross margin and net cash provided by (used in) operating activities, respectively. Second, these non-GAAP financial measures may not provide information directly comparable to measures provided by other companies in our industry, as those other companies may calculate their non-GAAP financial measures differently, particularly related to adjustments for acquisition accounting and non-recurring expenses. Third, these non-GAAP measures exclude certain recurring expenses that have been and will continue to be significant expenses of our business.

The following table presents a reconciliation of revenues, gross profit, gross margin and net cash provided by (used in) operating activities, the most comparable GAAP measures, to non-GAAP revenues, non-GAAP gross profit, non-GAAP gross margin and non-GAAP cash provided by (used in) operations:

	2013 Predecessor Period	2013 Successor Period	Year Ended December 31, 2013 Combined	Year Ended December 31, 2014	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2015
	(in thousands, except percentages)					
Non-GAAP Revenues:						
Revenues	$ 23,384	$ 8,583	$ 31,967	$51,677	$35,603	$59,133
Purchase accounting adjustment to revenue	—	6,045	6,045	4,952	4,952	—
Total Non-GAAP Revenues	$ 23,384	$ 14,628	$ 38,012	$56,629	$40,555	$59,133
Non-GAAP Gross Profit:						
Gross Profit	$ 17,797	$ 3,738	$ 21,535	$35,079	$23,408	$42,751
Purchase accounting adjustment to revenue	—	6,045	6,045	4,952	4,952	—
Amortization of developed technology	—	2,048	2,048	6,139	4,604	4,604
Stock-based compensation expense	86	—	86	249	170	351
Total Non-GAAP Gross Profit	$ 17,883	$ 11,831	$ 29,714	$46,419	$33,134	$47,706
Gross Margin	76.1%	43.6%	67.4%	67.9%	65.7%	72.3%
Non-GAAP Gross Margin	76.5%	80.9%	78.2%	82.0%	81.7%	80.7%
Non-GAAP Cash Provided by (Used in) Operating Activities:						
Net cash provided by (used in) operating activities	$ 1,240	$ (6,574)	$ (5,334)	$ 8,943	$ 7,141	$ (150)
Acquisition related costs	—	7,220	7,220	—	—	—
Total Non-GAAP Cash Provided by (Used in) Operating Activities	$ 1,240	$ 646	$ 1,886	$ 8,943	$ 7,141	$ (150)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our consolidated financial statements and accompanying notes included elsewhere within this prospectus. This discussion includes both historical information and forward-looking information that involves risk, uncertainties and assumptions. Our actual results may differ materially from management's expectations as a result of various factors, including, but not limited to, those discussed in the section entitled "Risk Factors."

Overview

We have created a comprehensive cloud-based software platform designed to transform and modernize accounting and finance operations for organizations of all types and sizes. Our secure, scalable platform supports critical accounting processes such as the financial close, account reconciliations, intercompany accounting and controls assurance. By introducing software to automate these processes and to enable them to function continuously, we empower our customers to improve the integrity of their financial reporting, increase efficiency in their accounting and finance processes and enhance real-time visibility into their operations.

We began operations in 2002 and, in 2004, we were engaged by one of our customers to build custom software to manage their account reconciliations. Because we observed that many accounting processes were managed and tracked with spreadsheets that required manual reconciliation on a periodic basis, which were expensive, labor-intensive, inefficient and subject to error, we believed that other companies could benefit from automated accounting and finance tools and we began licensing our account reconciliation software to other customers. In 2005, we began offering a Software as a Service, or SaaS, platform to provide greater and easier scalability for our customers, and have exclusively sold SaaS solutions since 2009.

As of September 30, 2015, we had more than 1,200 customers with over 119,000 users in approximately 100 countries. Additionally, we continue to build strategic relationships with technology vendors, professional services firms, business process outsourcers and resellers.

We are a holding company and conduct our operations through our wholly-owned subsidiary, BlackLine Systems, Inc. BlackLine Systems, Inc. funded its business with investments from our founder and cash flows from operations until September 3, 2013, when we acquired BlackLine Systems, Inc. and Silver Lake and Iconiq acquired a controlling interest in us, which we refer to as the "Acquisition." We refer to Silver Lake and Iconiq collectively as our "Investors." The Acquisition was accounted for as a business combination under GAAP and resulted in a change in accounting basis as of the date of the Acquisition. As a result, our consolidated financial statements for periods after September 3, 2013 are presented on a different basis than that for the periods before September 3, 2013, due to the application of purchase accounting as of September 3, 2013, and therefore are not comparable. We refer to the period from January 1, 2013 to September 2, 2013 as the 2013 Predecessor Period and the period from September 3, 2013 to December 31, 2013 as the 2013 Successor Period.

Our platform consists of seven core cloud-based products, including Account Reconciliation, Task Management, Transaction Matching, Journal Entry, Variance Analysis, Consolidation Integrity Manager and Daily Reconciliation. Customers typically purchase these products in packages that we refer to as solutions, but they have the option to purchase these products individually. Current solutions include

Reconciliation Management and Financial Close Management. Our platform also includes two new solutions, Intercompany Hub and Insights, which were introduced in November 2015.

We derived 94% of our revenue from subscriptions to our cloud-based software platform, 4% from professional services and 2% from on-premises legacy software for the nine-month period ended September 30, 2015. The majority of subscriptions are sold through one-year non-cancellable contracts, with a growing percentage of subscriptions sold through three-year non-cancellable contracts. We price our subscriptions based on a number of factors, primarily the number of users having access to the products and the number of products purchased by the customer. Subscription revenue is recognized ratably over the term of the customer agreement. The first year of subscription fees are typically payable within 30 days after execution of a contract, and thereafter upon renewal.

Professional services consist of implementation and consulting services. Although our platform is ready to use immediately after a new customer has access to it, we typically help customers implement our solutions for a fixed fee which is initially recorded as deferred revenue and recognized on a proportional performance basis as the services are performed. We also provide consulting services to help customers optimize the use of our products. We charge customers for our consulting services on a time-and-materials basis and we recognize that revenue as services are performed.

We typically invoice customers annually in advance for annual and multi-year subscriptions and invoice in advance or on a time-and-materials basis for professional services. We record amounts invoiced for portions of annual subscription periods that have not occurred or services that have not been performed as deferred revenue on our balance sheet.

We sell our platform primarily through our direct sales force, which leverages our relationships with technology vendors, professional services firms and business process outsourcers. In particular, we have a strategic relationship with SAP and we offer our customers an integrated SAP-endorsed business solution. Under our agreement with SAP, which we entered into in 2013, we pay SAP a fee based on a percentage of revenues for new customers that use an SAP ERP system. We continue to pay SAP a fee for these customers over the term of their subscription agreements. For the nine months ended September 30, 2015, revenues from customers under this agreement accounted for $6.1 million, or approximately 10%, of our total revenues. Additionally, we are expanding our channel of resellers, particularly in markets outside of the United States.

We target our sales and marketing efforts at both enterprise and mid-market businesses. We define the enterprise market as companies with greater than $500 million in annual revenue, and we define mid-market as companies with between $50 and $500 million in annual revenue. For the nine months ended September 30, 2015, sales to enterprise and mid-market customers represented 86% and 14% of our revenues, respectively. Additionally, we target our efforts at both new customers and existing customers. Existing customers may renew their subscriptions and broaden the deployment of our platform across their organizations by increasing the number of users accessing our platform or by adding additional products. We have historically signed a higher percentage of agreements with new customers, as well as renewal agreements with existing customers, in the fourth quarter of each year and usually during the last month of the quarter. This can be attributed to buying patterns typical in the software industry. As the terms of most of our customer agreements are measured in 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 in our revenues, though the impact to overall annual or quarterly revenues is minimal due to the fact that we recognize subscription revenue ratably over the term of the customer contract.

We believe the addressable market for our platform is large and growing. According to a study we commissioned with Frost & Sullivan, in 2015 there were more than 165,000 corporate organizations worldwide that are in our addressable market with revenues greater than $50 million. As a result,

we expect to continue to grow our direct sales team and to expand our relationships with technology vendors, professional services firms, business process outsourcers and resellers. We also intend to continue to invest in research and development to extend the functionality of our platform and develop new solutions and features.

We have experienced significant revenue growth and adoption of our platform. Prior to the Acquisition, we funded our business with cash flows from operations. More recently, we have accelerated investment in our business in 2014 and 2015, including expansion of our software and development teams and our sales force as well as our international presence. As a result of the Acquisition and the related purchase accounting, our historical financial statements are presented on a predecessor and successor basis.

We had revenues of $23.4 million for the period from January 1, 2013 to September 2, 2013, $8.6 million for the period from September 3, 2013 to December 31, 2013 and $51.7 million for the year ended December 31, 2014. For the nine months ended September 30, 2014 and 2015, we had revenues of $35.6 million and $59.1 million, respectively. We incurred net losses of $10.0 million for the period from January 1, 2013 to September 2, 2013, $6.7 million for the period from September 3, 2013 to December 31, 2013, $16.8 million for the year ended December 31, 2014, $11.0 million for the nine months ended September 30, 2014 and $17.5 million for the nine months ended September 30, 2015.

Factors Affecting Performance

We believe that our future performance will depend on many factors, including those described below. While these areas present significant opportunity, they also present risks that we must manage to achieve successful results. See the section titled “Risk Factors.” If we are unable to address these challenges, our business and operating results could be adversely affected.

Expansion and Further Penetration of Our Customer Base. We employ a land-and-expand sales strategy that focuses on acquiring new customers and growing our relationships with existing customers over time. We believe significant opportunity exists for us to acquire new customers in both the enterprise and mid-market segments across all geographies, as well as expand the use of our platform by selling additional products and increasing the number of users within our current customers’ organizations.

Investment in Growth. We plan to continue to invest in our business so that we can capitalize on our market opportunity. We intend to continue to grow our global sales and marketing team to acquire new customers and to increase sales to existing customers. We intend to continue to grow our research and development team to extend the functionality and range of our applications to bring new and improved solutions to accounting and finance. However, we expect our sales and marketing expenses and research and development expenses as a percentage of revenues to decrease over time as we grow our revenues and gain economies of scale by increasing our customer base and increase sales to our existing customer base. We believe that these investments will contribute to our long-term growth, although they may adversely affect our profitability in the near term.

Leveraging Strategic Relationships. We plan to continue to strengthen and expand our relationships with technology vendors, such as SAP, professional services firms, business process outsourcers and resellers. These relationships enable us to increase the speed of deployment and offer a wider range of integrated services to our customers. We intend to support these existing relationships, seek additional relationships and further expand our channel of resellers to help us increase our presence in existing markets and to expand into new markets. Our business and results of operations will be significantly affected by our success in leveraging and expanding these relationships.

Market Adoption of Our Platform. A key focus of our sales and marketing efforts is creating market awareness about the benefits of our cloud-based SaaS platform. The market for SaaS solutions for accounting and finance is less mature than the market for on-premise accounting and finance software applications, and potential customers may be slow or unwilling to migrate from their legacy solutions such as spreadsheets, manual processes or home grown solutions. It is difficult to predict customer adoption rates and demand, the future growth rate and size of the SaaS platform for accounting and finance market or the entry of competitive solutions. Our business and operating results will be significantly affected by the degree to and speed with which organizations adopt our solutions.

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.

	December 31,		September 30,	
	2013	2014	2014	2015
Dollar-based net revenue retention rate	120%	118%	118%	120%
Number of customers (as of end of period)	738	987	905	1,219
Number of users (as of end of period)	67,387	93,665	86,154	119,912

Dollar-based net revenue retention rate. We believe that dollar-based net revenue retention rate is an important metric to measure the long-term value of customer agreements and our ability to retain and grow our relationships with existing customers over time. We calculate dollar-based net revenue retention rate as the implied monthly subscription revenue at the end of a period for the base set of customers from which we generated subscription revenue in the year prior to the calculation, divided by the implied monthly subscription revenue one year prior to the date of calculation for that same customer base. This calculation does not reflect implied monthly subscription revenue for new customers added during the one year period but does include the effect of customers who terminated during the period. We define implied monthly subscription revenue as the total amount of minimum subscription and support revenue contractually committed to, under each of our customer agreements over the entire term of the agreement, divided by the number of months in the term of the agreement.

Number of customers. We believe that our ability to expand our customer base is an indicator of our market penetration and the growth of our business. We define a customer as an entity with an active subscription agreement as of the measurement date. In situations where an organization has multiple subsidiaries or divisions, each entity that is invoiced as a separate entity is treated as a separate customer. For the 2013 Predecessor Period, the 2013 Successor Period, the year ended December 31, 2014 and the nine months ended, September 30, 2015, no single customer accounted for more than 10% of our total revenues.

Number of users. Since our customers generally pay fees based on the number of users of our platform within their organization, we believe the total number of users is an indicator of the growth of our business.

Key Components of our Results of Operations

Revenues

Subscription and support. The majority of subscriptions are sold through one-year non-cancellable contracts and a growing percentage of subscriptions are sold through three-year non-

cancellable contracts. Fees are based on a number of factors, including the number of users having access to the products and the number of products purchased by the customer. The first year of subscription fees are typically payable within 30 days after execution of a contract, and thereafter upon renewal. We initially record the subscription fees as deferred revenue and recognize revenue on a straight-line basis over the term of the agreement. At any time during the subscription period, customers may increase their number of users and add products. Additional fees are payable for the remainder of the initial or renewed contract term. Customers may only reduce their number of users or subscription to products upon renewal of their arrangement. Revenues from subscriptions to our cloud-based software platform comprised approximately 94% of our revenues for the nine months ended September 30, 2015.

Subscription and support revenues also include revenues associated with sales of on-premise software licenses, which we sold prior to our migration to SaaS, and related support. We no longer develop any new applications or functionality for on-premise software licensed to customers, but we continue to provide post-contract support to approximately 20 customers that had not migrated to our SaaS solution as of September 30, 2015. Revenues related to annual renewals of post-contract support are recognized on a straight-line basis over the support period and comprised approximately 2% of total revenues for the nine months ended September 30, 2015.

Professional services. We offer our customers implementation and consulting services. Although our platform is ready to use immediately after a new customer has access to it, we typically help customers implement our solutions for a fixed fee and we recognize revenue over the period such services are performed. We also provide consulting and training services to help customers optimize the use of our products. We charge customers for our consulting and training services on a time-and-materials basis and we recognize revenue as services are performed. Professional services revenues comprised approximately 4% of our revenues for the nine months ended September 30, 2015.

For a description of our revenue accounting policies, see “Critical Accounting Policies and Estimates.”

Cost of Revenues

Subscription and support cost of revenues. Subscription and support cost of revenues primarily consists of amortization of developed technology costs resulting from the Acquisition, salaries, benefits and stock-based compensation associated with our hosting operations and support personnel, data center costs related to hosting our cloud-based software and amortization of capitalized internal-use software costs. We also allocate a portion of overhead to subscription and support cost of revenues.

Professional services costs of revenues. Costs associated with providing professional services primarily consist of salaries, benefits and stock based compensation associated with our implementation personnel. These costs are expensed as incurred when the services are performed. We also allocate a portion of overhead to professional services cost of revenues.

Operating Expenses

Sales and marketing. Sales and marketing expenses consist primarily of personnel costs of our sales and marketing employees, including salaries, sales commissions and incentives, benefits and stock-based compensation expense, travel and related costs, commissions paid in connection with our strategic relationships, outside consulting fees, marketing programs, including lead generation, costs of our annual conference, advertising and trade shows, other event expenses and allocated overhead costs. We defer sales and partner commissions and amortize them ratably over the term of the corresponding subscription agreement. Sales and marketing expenses also include amortization of

customer relationship intangible assets. We expect sales and marketing expenses will increase as we expand our direct sales teams and increase sales through our strategic relationships and resellers.

Research and development. Research and development expenses consist primarily of salaries, benefits and stock-based compensation associated with our engineering, product and quality assurance personnel and allocated overhead costs. Research and development expenses also include the cost of third-party contractors. Other than internal-use software development costs that qualify for capitalization, research and development costs are expensed as incurred. We expect research and development costs to increase as we develop new solutions and make improvements to our existing platform.

General and administrative. General and administrative expenses consist primarily of salaries, benefits and stock-based compensation associated with our executive, finance, legal, human resources, compliance and other administrative personnel, accounting, auditing and legal professional services fees, recruitment costs, other corporate-related expenses and allocated overhead costs. General and administrative expenses also include amortization of covenant not to compete and tradename intangible assets. We expect that general and administrative expenses will increase as we incur the costs of compliance associated with being a publicly-traded company, including legal, audit and consulting fees.

Interest Income (Expense)

Interest income (expense), net consists primarily of interest expense from borrowings under our credit facility and amortization of debt discounts and issuance costs.

Change in Fair Value of Common Stock Warrant Liabilities

We have issued warrants to purchase common stock in connection with our credit facility. The warrants are measured at fair value each period, with changes in fair value recorded in our consolidated statement of operations. The warrants will continue to be measured at fair value each period until the earlier of their exercise or termination. Increases in the fair value of our common stock will result in an increase in the fair value of our common stock warrant liability and a corresponding increase in our net loss.

Provision for (Benefit from) Income Taxes

For periods subsequent to the Acquisition, which occurred on September 3, 2013, we are subject to federal and state income taxes in the United States and taxes in foreign jurisdictions. We have been in a net deferred tax liability position primarily as a result of intangible assets acquired in the acquisition. These deferred tax liabilities have been an available source of income to realize our losses and accordingly, we have recorded an income tax benefit in our statement of operations. We will be required to record a valuation allowance against our deferred tax assets to the extent that realization of the deferred tax assets, including consideration of our deferred tax liabilities, is not more likely than not. During 2015, for state income taxes our estimated deferred assets exceeded our deferred tax liabilities, and given our cumulative losses, we believe that it is not more likely than not these deferred tax assets will be realized. Accordingly, we recorded a valuation allowance on our net state deferred tax assets. We anticipate that in 2016 our deferred tax assets, arising principally from our cumulative losses, will exceed our deferred tax liabilities, and given uncertainty as to their realization, we will be required to record a valuation allowance against all our deferred tax assets.

Our effective tax rate for the periods presented differs from the U.S. federal tax rate of 34% due to state taxes, expenses not deductible for income tax purposes including the change in fair value of common stock warrants, acquisition related costs and other tax credits. Our effective tax rate in the future will change to the extent we are required to record a valuation allowance.

For periods prior to September 3, 2013, we operated as an S-Corporation and, as such, the results of our operations passed through directly to the shareholders and any taxes were affected at the individual shareholder level, other than foreign taxes which were not material.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the non-GAAP measures below are useful in evaluating our business. These non-GAAP financial measures provide consistency and comparability with our past performance, facilitate period-to-period comparisons of operations, and facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

	Year Ended December 31,		Nine Months Ended September 30,	
	2013	2014	2014	2015
	(in thousands, except percentages)			
Non-GAAP Revenues	$ 38,012	$ 56,629	$ 40,555	$ 59,133
Non-GAAP Gross Profit	$ 29,714	$ 46,419	$ 33,134	$ 47,706
Non-GAAP Gross Margin	78.2%	82.0%	81.7%	80.7%
Non-GAAP Cash Provided by (Used in) Operations	$ 1,886	$ 8,943	$ 7,141	$ (150)

For additional information and our reconciliation of Non-GAAP financial measures to GAAP, refer to our “Selected Consolidated Financial Data.”

Results of Operations

We accounted for the Acquisition as a business combination, which resulted in a new basis of accounting. Refer to Note 3 of the notes to our consolidated financial statements for additional information. As a result of the Acquisition, our consolidated financial statements for the periods after September 3, 2013 are presented on a different basis than that for the periods before September 3, 2013 due to the application of purchase accounting as of September 3, 2013 and, therefore, are not comparable. To illustrate the effective date of the new basis of accounting, the results below are separated by a black line.

The Acquisition resulted in the following principal impacts for periods subsequent to the Acquisition date:

- A reduction in revenues in the 2013 Successor Period and for the year ended December 31, 2014 as a result of the deferred revenue at the Acquisition date being recorded at fair value at an amount less than its then carrying value;
- Increased amortization costs resulting from recording of intangible assets at fair value. We record amortization of acquired developed technology in cost of revenues, amortization of customer relationships in sales and marketing expenses, and amortization of covenants not to compete and tradename intangible assets in general and administrative expenses;
- Contingent consideration issued as part of the Acquisition is recorded at fair value each period with changes in fair value recorded in general and administrative costs;
- Transaction costs were expensed as incurred as a separate line item in our statement of operations;
- Prior to the Acquisition, BlackLine Systems, Inc. was an S-Corporation, where its earnings flowed through to its shareholders. Post-Acquisition, we are a C-Corporation and are subject to federal and state income taxes in the United States, which resulted in a significant change in our tax provision or tax benefit and our deferred tax assets and liabilities, including

$43.0 million in federal and $42.6 million in the State of California net operating loss carryforwards, as of December 31, 2014; and

- Shortly after the Acquisition we issued debt, which increased our interest expense for periods post-Acquisition.

The following table sets forth our statements of operations for each of the periods indicated in dollars.

	2013 Predecessor Period	2013 Successor Period	Year Ended December 31, 2014	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2015
		(in thousands, except share and per share amounts)			
Revenues					
Subscription and support	$ 21,977	$ 7,723	$ 49,029	$ 33,513	$ 56,666
Professional services	1,407	860	2,648	2,090	2,467
Total revenues	23,384	8,583	51,677	35,603	59,133
Cost of revenues					
Subscription and support	4,442	4,346	14,380	10,511	14,220
Professional services	1,145	499	2,218	1,684	2,162
Total cost of revenues	5,587	4,845	16,598	12,195	16,382
Gross profit	17,797	3,738	35,079	23,408	42,751
Operating expenses					
Sales and marketing	10,453	6,895	31,837	20,840	39,694
Research and development	4,738	2,225	9,705	6,730	12,938
General and administrative	6,978	2,827	11,716	8,405	14,968
Acquisition related costs	5,586	1,634	—	—	—
Total operating expenses	27,755	13,581	53,258	35,975	67,600
Loss from operations	(9,958)	(9,843)	(18,179)	(12,567)	(24,849)
Other expense:					
Interest expense, net	(22)	(781)	(3,047)	(2,262)	(2,466)
Change in fair value of the common stock warrant liability	—	—	(3,700)	(1,970)	(170)
Other expense, net	(22)	(781)	(6,747)	(4,232)	(2,636)
Loss before income taxes	(9,980)	(10,624)	(24,926)	(16,799)	(27,485)
Provision for (benefit from) income taxes	21	(3,954)	(8,174)	(5,827)	(9,958)
Net loss	$ (10,001)	$ (6,670)	$ (16,752)	$ (10,972)	$ (17,527)
Net loss per share, basic and diluted	$ (0.12)	$ (0.03)	$ (0.08)	$ (0.05)	$ (0.09)
Weighted average common shares outstanding, basic and diluted	82,250,000	200,094,118	200,445,411	200,261,813	202,753,714

Comparison of Nine Months Ended September 30, 2014 and 2015

Total revenues

	Nine Months Ended September 30,		Change	
	2014	2015	Amount	%
	(in thousands)			
Subscription and support	$33,513	$56,666	$23,153	69.1%
Professional services	2,090	2,467	377	18.0%
Total revenues	$35,603	$59,133	$23,530	66.1%

Total revenues increased for the nine months ended September 30, 2015 as compared to the same period in 2014 primarily due to an increase in the number of customers, an increase in the number of users added by existing customers and an increase in the number of products purchased by existing customers. The increase in total revenues was also impacted by purchase accounting. Upon the Acquisition, deferred revenue was recorded at fair value, resulting in a reduction from its then carrying value. This reduction resulted in reduced revenue in the 2014 period by $5.0 million. There was no corresponding reduction in the 2015 period. Excluding the impact of this purchase accounting adjustment, our total revenue increased by 45.8% for the nine months ended September 30, 2015 as compared to the same period in 2014.

Total cost of revenues

	Nine Months Ended September 30,		Change	
	2014	2015	Amount	%
	(in thousands, except percentages)			
Subscription and support	$10,511	$14,220	$3,709	35.3%
Professional services	1,684	2,162	478	28.4%
Total cost of revenues	$12,195	$16,382	$4,187	34.3%
Gross margin	65.7%	72.3%		

Total cost of revenues increased primarily due to a $2.8 million increase in salaries, benefits and stock-based compensation, a $0.7 million increase in data center costs and a $0.4 million increase in amortization of capitalized software costs. Salaries, benefits and stock-based compensation increased due to growth in headcount. Costs associated with our datacenter increased due to costs of additional bandwidth associated with the growth in our customer base. Amortization of our capitalized software development costs increased due to larger total capitalized costs as we expanded the functionality of our solutions.

Our gross margin was 65.7% and 72.3% for the nine months ended September 30, 2014 and 2015, respectively. The improvement in gross margin was primarily the result of the impact of purchasing accounting adjustments, which reduced revenue in the 2014 period with no corresponding adjustment in the 2015 period. In addition, amortization of developed technology included in our cost of revenues is a fixed cost each period. Accordingly, improvements in revenues over the period resulted in an improvement in our gross margin.

Sales and marketing

	Nine Months Ended September 30,		Change	
	2014	2015	Amount	%
	(in thousands, except percentages)			
Sales and marketing	$20,840	$39,694	$18,854	90.5%
Percentage of total revenues	58.5%	67.1%		

Sales and marketing expense increased primarily due to a $13.2 million increase in salaries, sales commissions and incentives and stock-based compensation, a $1.6 million increase in commissions payable to third parties that refer customers to us, a $1.3 million increase in travel and related costs, a $0.6 million increase in outside consulting fees and a $0.5 million increase in advertising and trade shows. The increase in salaries, sales commissions and incentives and stock-based compensation was driven by an increase in headcount and revenue growth. The increase in commissions payable to third parties was primarily driven by the expansion of our relationships with technology vendors, including SAP. The increase in outside consulting fees was primarily due to an increase in digital marketing services. The increase in advertising and trade shows was primarily due to an increase in our marketing efforts.

Research and development

	Nine Months Ended September 30,		Change	
	2014	2015	Amount	%
	(in thousands, except percentages)			
Research and development	$ 6,730	$12,938	$6,208	92.2%
Percentage of total revenues	18.9%	21.9%		

Research and development increased primarily due to a $3.9 million increase in salaries, benefits and stock-based compensation due to an increase in headcount and a $2.3 million increase in services provided by third-party contractors. These increases were partially offset by an increase in capitalized costs related to software development of $0.4 million. The additional headcount and number of third-party contractors were used to further maintain, enhance and develop our platform.

General and administrative

	Nine Months Ended September 30,		Change	
	2014	2015	Amount	%
	(in thousands, except percentages)			
General and administrative	$ 8,405	$14,968	$6,563	78.1%
Percentage of total revenues	23.6%	25.3%		

General and administrative increased primarily due to a $2.4 million increase in salaries, benefits and stock-based compensation due to an increase in headcount and stock option grants to new executive officers and other employees, a $2.2 million increase in professional services costs due to legal, accounting and auditing fees as we prepare for our initial public offering, additional recruitment costs and a $0.5 million increase in facility related expenses related to the expansion of our global headquarters. In addition, our general and administrative costs in the 2014 period were reduced by $0.6 million relating to the change in fair value of contingent consideration. There was no significant change in contingent consideration during the 2015 period.

Interest expense, net

	Nine Months Ended September 30,		Change	
	2014	2015	Amount	%
	(in thousands, except percentages)			
Interest expense, net	$(2,262)	$(2,466)	$(204)	9.0%

Interest expense, net increased due to an increase in interest expense on a larger long-term debt principal balance. During the 2014 and 2015 periods, we paid 20% of our interest costs in cash and the remainder increased the principal balance.

Change in fair value of common stock warrant liability

	Nine Months ended September 30,		Change	
	2014	2015	Amount	%
	(in thousands, except percentages)			
Change in fair value of common stock warrant liability	$(1,970)	$ (170)	$1,800	(91.4%)

We value our common stock warrants using a binomial lattice model. The primary input in the binomial lattice model driving the change in the fair value our common stock warrants is the value of our common stock. The increase in the liabilities associated with our common stock warrants in both periods was driven by the increase in the value of our common stock. Refer to "*—Critical Accounting Policies and Estimates—Significant Factors, Assumptions, and Methodologies Used in Determining Fair Value of Common Stock".*

Income tax benefit

	Nine Months Ended September 30,		Change	
	2014	2015	Amount	%
	(in thousands, except percentages)			
Benefit from income taxes	$(5,827)	$(9,958)	$(4,131)	70.9%

Our effective tax rate was 34.7% and 36.2% for the nine months ended September 30, 2014 and 2015, respectively. The effective tax rate differs from the U.S. federal statutory rate of 34% primarily because of state taxes, net of federal benefit, the change in the value of common stock warrants and contingent consideration which are not deductible for income tax purposes, and valuation allowance for state income taxes. We record a valuation allowance against our deferred tax assets to the extent that realization of the deferred tax assets, including consideration of our deferred tax liabilities, is not more likely than not. For 2015, for state income taxes, our deferred assets are estimated to exceed our deferred tax liabilities and given our cumulative losses, we believe that it is not more likely than not that these deferred tax assets will be realized. Accordingly, we recorded a valuation allowance on our net state deferred tax assets. Taxes for international operations are not material for the nine months ended September 30, 2014 and 2015.

Comparison of 2013 Predecessor Period, 2013 Successor Period, and year ended December 31, 2014

Total revenues

	Predecessor Period 2013	Successor Period 2013	Year Ended December 31, 2014
	(in thousands, except percentages)		
Subscription and support	$ 21,977	$ 7,723	$ 49,029
Professional services	1,407	860	2,648
Total revenues	$ 23,384	$ 8,583	$ 51,677

Our total revenues have increased on a year-over-year basis. This increase was driven by an increase in the number of customers, an increase in the number of users added by existing customers and an increase in the number of products purchased by existing customers. Our revenues have been impacted by purchase accounting as a result of the Acquisition which reduced our core revenues by $6.0 million and $5.0 million for the 2013 Successor Period and year ended December 31, 2014, respectively. Excluding the impact of purchase accounting and combining the results of the 2013 Predecessor Period and 2013 Successor Period our total revenues for the year ended December 31, 2013 would have been $38.0 million compared to $56.6 million for the year ended December 31, 2014 on a comparable basis, representing a 49% increase.

Total cost of revenues

	Predecessor Period 2013	Successor Period 2013	Year Ended December 31, 2014
	(in thousands, except percentages)		
Subscription and support	$ 4,442	$ 4,346	$ 14,380
Professional services	1,145	499	2,218
Cost of revenues	$ 5,587	$ 4,845	$ 16,598
Gross margin	76.1%	43.6%	67.9%

Our cost of revenues has increased as our revenues have increased. The increase in cost of revenues was driven by increases in salaries, benefits and stock-based compensation, due to increased headcount, and increased data center costs to support our revenue activities. Salaries, benefits, and stock-based compensation for the 2013 Predecessor Period, 2013 Successor Period and the year ended December 31, 2014 were $3.3 million, $1.6 million, and $6.7 million, respectively. Datacenter costs for the 2013 Predecessor Period, the 2013 Successor Period and the year ended December 31, 2014 were $1.6 million, $0.9 million, and $2.2 million, respectively.

Our cost of revenues and our gross margin has been impacted by purchase accounting as a result of the Acquisition which increased amortization costs relating to intangible assets acquired in the acquisition and reduced our revenues as described above. Amortization of intangibles included in costs of revenues was $2.0 million and $6.1 million, in the 2013 Successor Period and the year ended December 31, 2014, respectively. Excluding the impact of these purchase accounting adjustments our gross margin was 76.1%, 80.9%, and 82.0% for the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, respectively.

Sales and marketing

	Predecessor Period 2013	Successor Period 2013	Year Ended December 31, 2014
	(in thousands, except percentages)		
Sales and marketing	$ 10,453	$ 6,895	$ 31,837
Percent of revenue	44.7%	80.3%	61.6%

Our sales and marketing costs have increased due to our investments in our sales and marketing organization to drive revenue growth. Our sales and marketing personnel costs have increased primarily due to an increase in salaries, sales commissions and incentives, benefits and stock-based compensation expense due to an increase in headcount and revenue growth. Our salaries, sales commissions and incentives, benefits and stock-based compensation expense for the 2013 Predecessor Period, the 2013 Successor Period and the year ended December 31, 2014 were $7.6 million, $3.9 million, and $20.1 million, respectively. Travel and related costs for our sales personnel have increased due to expansion of our sales organization. For the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, travel and related costs were $0.7 million, $0.3 million, and $1.7 million, respectively. In addition, we accelerated our investment in advertising and trade shows during the year ended December 31, 2014 to drive additional revenues. Advertising and trade shows for the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014 were $0.1 million, $0.3 million, and $1.5 million, respectively.

Our sales and marketing costs have also been impacted by purchase accounting associated with the amortization of customer relationship intangibles. Our sales and marketing costs include amortization of customer relationship intangibles of $1.2 million and $3.5 million for the 2013 Successor Period and the year ended December 31, 2014, respectively. As a percentage of revenues, our sales and marketing costs were also impacted by purchasing accounting which reduced revenues in the 2013 Successor Period and the year ended December 31, 2014, as described above.

Research and development

	Predecessor Period 2013	Successor Period 2013	Year Ended December 31, 2014
	(in thousands, except percentages)		
Research and development	$ 4,738	$ 2,225	$ 9,705
Percent of revenue	20.3%	25.9%	18.8%

Research and development costs have increased due to investments made to expand the functionality of our existing solutions and to develop new solutions. The growth in our research and development cost is primarily due to increased salaries, benefits and stock-based compensation costs driven by growth in our headcount and our expanded use of third-party contractors. Salaries, benefits and stock-based compensation for the 2013 Predecessor Period, the 2013 Successor Period and the year ended December 31, 2014 were $4.7 million, $2.0 million, and $8.9 million, respectively, and third-party contractor costs for the 2013 Predecessor Period, the 2013 Successor Period and the year ended December 31, 2014 were $0.6 million, $0.4 million, and $1.3 million, respectively. These amounts were partially offset by capitalized costs related to software development of $0.6 million, $0.3 million, and $1.5 million during the respective periods.

General and administrative

	Predecessor Period 2013	Successor Period 2013	Year Ended December 31, 2014
	(in thousands, except percentages)		
General and administrative	$ 6,978	$ 2,827	$ 11,716
Percent of revenue	29.8%	32.9%	22.7%

Our general and administrative expenses have increased primarily due to an increase in salaries, benefits, and stock-based compensation driven by growth in headcount and increased professional service costs to support our growth initiatives. Salaries, benefits, and stock-based compensation for the 2013 Predecessor Period, the 2013 Successor Period and the year ended December 31, 2014 were $5.0 million, $1.2 million, and $5.3 million, respectively. Included in salaries, benefits, and stock-based compensation in the 2013 Predecessor Period is a one-time bonus paid to our employees of $2.2 million concurrent with the Acquisition. Professional service costs for the 2013 Predecessor Period, the 2013 Successor Period and the year ended December 31, 2014 were $0.5 million, $0.4 million, and $2.3 million, respectively.

Our general and administrative expenses have been impacted by purchase accounting associated with the amortization of certain acquired intangibles. Our general and administrative costs include amortization of intangible assets of $0.8 million and $2.5 million for the 2013 Successor Period and the year ended December 31, 2014, respectively.

Interest expense, net

	Predecessor Period 2013	Successor Period 2013	Year Ended December 31, 2014
	(in thousands)		
Interest income (expense), net	$ (22)	$ (781)	$ (3,047)

In September 2013, we entered into a $25 million Term Loan which bore interest at 9.5% per annum during 2013 and 2014. Since September 2013 we have paid 20% of the interest costs in cash and the remainder has increased the principal balance which then bears interest.

Change in fair value of common stock warrant liability

	Predecessor Period 2013	Successor Period 2013	Year Ended December 31, 2014
	(in thousands)		
Change in fair value	$ —	$ —	$ (3,700)

We issued the common stock warrants in September 2013. We value our common stock warrants using a binomial lattice model. The increase in the value of the common stock warrant liability for the year ended December 31, 2014 was driven by the increase in the value of our common stock. Refer to "*—Critical Accounting Policies and Estimates — Significant Factors, Assumptions, and Methodologies Used in Determining Fair Value of Common Stock".*

Provision (benefit from) for income taxes

	Predecessor Period 2013	Successor Period 2013	Year Ended December 31, 2014
		(in thousands)	
Provision for (benefit from) income taxes	$ 21	$ (3,954)	$ (8,174)

Our effective tax rate was 37.2% and 32.8% for the 2013 Successor Period and the year ended December 31, 2014, respectively. Our effective tax rate differed from the U.S. federal income tax rate of 34% due to research and experimentation credits, acquisition costs related to the Acquisition, and the change in fair value of common stock warrants. For the 2013 Predecessor Period we operated as an S-Corporation and as such the results of our operations passed through directly to the shareholders and any taxes were affected at the individual shareholder level.

Quarterly Results of Operations

The following tables set forth selected key metrics and unaudited quarterly consolidated statements of operations for 2014 and the first three quarters of 2015. The consolidated financial statements for each of these quarterly periods have been prepared on a basis consistent with our audited 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. The historical financial results are not necessarily indicative of future results and should be read in conjunction with our annual financial statements and the related notes included elsewhere in this prospectus.

The following table sets forth selected metrics data for each of the periods indicated:

	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015
Dollar-based net revenue retention rate	116%	119%	118%	118%	120%	120%	120%
Number of customers (as of end of period)	781	842	905	987	1,067	1,145	1,219
Number of users (as of end of period)	72,786	79,121	86,154	93,665	102,903	111,383	119,912

The following table sets forth selected consolidated statements of operations data for each of the periods indicated:

	Three Months Ended						
	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015
	(in thousands)						
Revenues							
Subscription and support	$ 8,384	$ 11,509	$ 13,620	$ 15,516	$ 17,282	$ 18,598	$ 20,786
Professional services	754	660	676	558	765	827	875
Total revenues	9,138	12,169	14,296	16,074	18,047	19,425	21,661
Cost of revenues							
Subscription and support	3,420	3,333	3,758	3,869	4,287	4,814	5,119
Professional services	513	562	609	534	666	672	824
Total cost of revenues	3,933	3,895	4,367	4,403	4,953	5,486	5,943
Gross profit	5,205	8,274	9,929	11,671	13,094	13,939	15,718
Operating expenses							
Sales and marketing	5,612	6,778	8,450	10,997	11,657	13,297	14,740
Research and development	1,923	2,226	2,581	2,975	3,569	4,465	4,904
General and administrative	2,754	2,762	2,889	3,311	3,805	5,247	5,916
Total operating expenses	10,289	11,766	13,920	17,283	19,031	23,009	25,560
Loss from operations	(5,084)	(3,492)	(3,991)	(5,612)	(5,937)	(9,070)	(9,842)
Other income (expense)							
Interest expense, net	(735)	(755)	(772)	(785)	(782)	(862)	(822)
Change in fair value of the common stock warrant liability	—	(920)	(1,050)	(1,730)	30	(280)	80
Other expense, net	(735)	(1,675)	(1,822)	(2,515)	(752)	(1,142)	(742)
Loss before income taxes	(5,819)	(5,167)	(5,813)	(8,127)	(6,689)	(10,212)	(10,584)
Provision for (benefit from) income taxes	(2,170)	(1,790)	(1,867)	(2,347)	(2,435)	(3,674)	(3,849)
Net loss	$ (3,649)	$ (3,377)	$ (3,946)	$ (5,780)	$ (4,254)	$ (6,538)	$ (6,735)

The increase in total revenues in each of the periods presented was primarily due to an increase in the number of customers, an increase in the number of users added by existing customers and an increase in the number of products purchased by existing customers. From December 31, 2013 to September 30, 2015, our customer count increased from 738 to 1,219. In addition, the number of BlackLine users increased from 67,387 to 119,912 at the corresponding dates.

Cost of revenues in each of the periods presented increased on an incremental basis to support the demand for our platform. The improvement in gross margin was primarily the result of the impact of purchase accounting adjustments as a result of the Acquisition, which reduced revenue in the 2014 period with no corresponding adjustment in the 2015 period. In addition, amortization of developed technology included in our cost of revenues is a fixed cost each period. Accordingly, increased revenues resulted in an improvement in our gross margin.

Sales and marketing expenses have consistently increased for each of the periods presented due to the expansion in headcount of our mid-market and enterprise direct sales teams.

Research and development expenses have increased steadily during the quarterly periods due to growth in headcount and use of third-party contractors to support our development efforts.

General and administrative expenses have increased steadily since the first quarter of 2014. During the second and third quarters of 2015, our general administrative costs increased due to legal,

accounting and other costs incurred to support our expanding operations and in preparation for our initial public offering.

More generally, our quarterly 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. Such factors include, in addition to those described in the “Risk Factors” section of this prospectus:

- our ability to attract new customers;
- the timing and rate at which we enter into agreements for our solutions with new customers;
- the extent to which our existing customers renew their subscriptions for our solutions and the timing of those renewals;
- the extent to which our existing customers purchase additional products or add incremental users;
- changes in the mix of our sales to new and existing customers;
- changes to the proportion of our client base that is comprised of enterprise or mid-market customers;
- seasonal factors affecting the demand for our solutions;
- our ability to manage growth, including in terms of new customers, additional users and new geographies;
- the timing and success of competitive solutions offered by our competitors;
- changes in our pricing policies and those of our competitors; and
- general economic and market conditions.

One or more of these factors may cause our quarterly operating results to vary widely. As such, we believe that our quarterly results of operations may vary significantly in the future and that our historical operating results are not indicative of future performance.

The following table sets forth selected non-GAAP information for each of the periods selected:

	Three Months Ended						
	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015
	(in thousands, except percentages)						
Non-GAAP Revenues	$12,117	$13,747	$14,691	$16,074	$18,047	$19,425	$21,661
Non-GAAP Gross Profit	$ 9,742	$11,457	$11,935	$13,285	$14,715	$15,612	$17,379
Non-GAAP Gross Margin	80.4%	83.3%	81.2%	82.6%	81.5%	80.4%	80.2%

The following table presents a reconciliation of revenues, gross profit and gross margin, the most comparable GAAP measures, to non-GAAP revenues, non-GAAP gross profit and non-GAAP gross margin. Non-GAAP cash provided by (used in) operations is excluded from the presentation above and the reconciliation below as GAAP net cash provided by (used in) operations is the same as non-GAAP cash provided by (used in) operations for the quarterly periods presented.

	Three Months Ended						
	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015
	(in thousands, except percentages)						
Non-GAAP Revenues:							
Revenues	$ 9,138	$12,169	$14,296	$16,074	$18,047	$19,425	$21,661
Purchase accounting adjustment to revenue	2,979	1,578	395	—	—	—	—
Non-GAAP Revenues(1)	$12,117	$13,747	$14,691	$16,074	$18,047	$19,425	$21,661
Non-GAAP Gross Profit:							
Gross profit	$ 5,205	$ 8,274	$ 9,929	$11,671	$13,094	$13,939	$15,718
Purchase accounting adjustment to revenue	2,979	1,578	395	—	—	—	—
Amortization of developed technology	1,534	1,535	1,535	1,535	1,534	1,535	1,535
Stock-based compensation expense	24	70	76	79	87	138	126
Non-GAAP Gross Profit(1)	$ 9,742	$11,457	$11,935	$13,285	$14,715	$15,612	$17,379
Gross Margin	57.0%	68.0%	69.5%	72.6%	72.6%	71.8%	72.6%
Non-GAAP Gross Margin(1)	80.4%	83.3%	81.2%	82.6%	81.5%	80.4%	80.2%

(1) Non-GAAP revenues, non-GAAP gross profit and non-GAAP gross margin are not a measure of our financial performance under GAAP and should not be considered as an alternative to revenues, gross profit and gross margin, respectively, in accordance with GAAP. For a definition of non-GAAP revenues, non-GAAP gross profit and non-GAAP gross margin, see “Selected Consolidated Financial Data – Non-GAAP Financial Measures.”

Liquidity and Capital Resources

To date, our operations and growth have been financed primarily through cash generated from our operations, proceeds from the issuance of debt and the sale of common stock. In September 2013, we raised gross proceeds of $168.5 million from the sale of common stock and issuance of debt, which were primarily used to finance the Acquisition.

At September 30, 2015, our principal sources of liquidity were $18.0 million of cash and cash equivalents, which primarily consist of cash deposits and investments in money market funds. We believe our existing cash and cash equivalents will be sufficient to meet our working capital needs, capital expenditures and financing obligations for at least the next 12 months.

As of September 30, 2015, we also had $29.2 million of principal outstanding debt under a term loan that we entered into under our credit facility, which we refer to as the Term Loan. We expect to repay the outstanding amount under the Term Loan with a portion of the proceeds from this offering. In the event of an early prepayment prior to September 2016, the Term Loan requires us to pay a prepayment premium of 1%. The Term Loan has a term of five years and expires and is repayable on September 25, 2018. There are no minimum principal payments due under the agreement. The Term Loan bears interest at (i) the greater of LIBOR or 1.5% plus (ii) 8% and can be paid in varying amounts in cash or in kind. At September 30, 2015, the interest rate on the Term Loan was 9.5%.

The Term Loan is collateralized against all of our assets. In connection with certain events, including a change in control, or if we elect an early prepayment as described above, we are required to pay a prepayment penalty. The Term Loan requires us to comply on a quarterly basis with a maximum consolidated leverage ratio financial covenant. The consolidated leverage ratio is the ratio of the principal amount of the Term Loan outstanding to revenues for the most recent four consecutive quarters. The required ratio decreases over time, and for the quarter ended September 30, 2015, was 0.99 to 1.0. We were in compliance with this financial covenant at September 30, 2015. The Term Loan also places restrictions on dividend payments, certain investments and acquisitions, and other customary restrictions. The Term Loan, which was issued to our subsidiary, BlackLine Systems, Inc. and guaranteed by our intermediary holding company, BlackLine Intermediate, Inc., also places restrictions on BlackLine Systems, Inc.'s ability to make dividend payments, loans or advances to us and our subsidiaries. All of BlackLine Systems, Inc.'s net assets are restricted from making payments, loans or advances to us and our subsidiaries. Restricted net assets as of December 31, 2014 amounted to $184.0 million.

In conjunction with the issuance of the Term Loan, we issued warrants to purchase 2,500,000 shares of common stock at an exercise price per share of $1.00. The warrants are exercisable at any time by the holder and expire upon the earlier of ten years from the issuance date or the sale of the company. At September 30, 2015, all such warrants remain outstanding.

Our existing credit facility contemplates that we may enter into a revolving loan agreement with lenders and agents, if any, reasonably acceptable to the agent under our credit facility providing for a revolving credit facility of up to $10.0 million. We have not yet entered into such an agreement.

Our future capital requirements will depend on many factors, including our growth rate, the expansion of our direct sales force, strategic relationships and international operations, the timing and extent of spending to support research and development efforts and the continuing market acceptance of our solutions. We may require additional equity or debt financing. Sales of additional equity could result in dilution to our stockholders. If we raise funds by borrowing from third parties, the terms of those financing arrangements would require us to incur additional interest expense and may include negative covenants or other restrictions on our business that could impair our operating flexibility. We can provide no assurance that additional financing will be available at all or, if available, that we could be able to obtain financing on terms favorable to us. If we are unable to raise additional capital when needed, we would be required to curtail our operating activities and capital expenditures, and our business operating results and financial condition would be adversely affected.

Historical Cash Flows

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

	2013 Predecessor Period	2013 Successor Period	Year Ended December 31, 2014	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2015
			(in thousands)		
Net cash provided (used in) operating activities	$ 1,240	$ (6,574)	$ 8,943	$ 7,141	$ (150)
Net cash used in investing activities	$ (1,863)	$ (146,259)	$ (2,866)	$ (1,847)	$ (8,852)
Net cash provided by (used in) financing activities	$ (2,799)	$ 167,688	$ 4,775	$ (225)	$ 1,310

Net Cash Provided by (Used in) Operating Activities

Our net loss and cash flows from operating activities are significantly influenced by our investments in headcount and infrastructure to support anticipated growth. In addition, our net loss in recent periods has generally been significantly greater than our use of cash for operating activities due to our subscription based revenue model in which billings occur in advance of revenue recognition and a substantial amount of non-cash charges incurred by us, primarily related to the Acquisition.

For the nine months ended September 30, 2015, cash used in operations was $0.2 million resulting from our net loss of $17.5 million, largely offset by net cash flows provided through changes in our operating assets and liabilities of $10.7 million and net non-cash expenses of $6.7 million. The $10.7 million of net cash flows provided as a result of changes in our operating assets and liabilities reflected a $12.5 million increase in deferred revenue as a result of the growth of our customer and user base which are billed in advance of our revenue recognition, a $4.6 million increase in accrued expenses primarily associated with increases in employee related accruals as a result of increases in headcount and increases in professional services costs, a $2.0 million increase in deferred rent due to the leasehold improvement allowances and free rent periods associated with the expansion of our corporate headquarters, and a $1.2 million increase in accounts payable associated with the growth of our business. The changes in our operating assets and liabilities were partially offset by a $6.9 million increase in accounts receivable due to the growth of our customer and user base, and a $2.6 million increase in deferred sales commissions due to an increase in revenues.

For the nine months ended September 30, 2014, cash provided by operations was $7.1 million resulting from our net loss of $11.0 million, largely offset by net cash flows provided through changes in our operating assets and liabilities of $9.3 million and net non-cash expenses of $8.8 million. The $9.3 million of net cash flows provided as a result of changes in our operating assets and liabilities reflected a $12.9 million increase in deferred revenue as a result of the growth of our customer and user base which are billed in advance of our revenue recognition, and a $1.1 million increase in accrued expenses primarily associated with increases in employee related accruals as a result of increases in headcount. The changes in our operating assets and liabilities were partially offset by a $3.5 million increase in accounts receivable due to the growth of our customer and user base.

During the year ended December 31, 2014, cash provided by operations was $8.9 million resulting from our net loss of $16.8 million, largely offset by net cash flows provided through changes in our operating assets and liabilities of $13.0 million and non-cash operating expenses of $12.6 million. The $13.0 million of net cash flows provided as a result of changes in our operating assets and liabilities reflected a $17.2 million increase in deferred revenue as a result of the growth of our customer and user base which are billed in advance of our revenue recognition, a $3.2 million increase in accrued expenses primarily associated with increases in employee related accruals as a result of

increases in headcount, and a $1.0 million increase in deferred rent due to the leasehold improvement allowances and free rent periods associated with the expansion of our corporate headquarters. The changes in our operating assets and liabilities were partially offset by a $6.8 million increase in accounts receivable due to the growth of our customer and user base, a $1.3 million increase in deferred sales commissions due to an increase in commissionable revenues, and a $1.1 million increase in prepaid expenses and other current assets associated with the growth of our business.

During the 2013 Successor Period, cash used in operations was $6.6 million resulting from our net loss of $6.7 million, as adjusted for net cash flows provided through changes in our operating assets and liabilities of $3.2 million and net non-cash benefit of $3.1 million. The $3.2 million of net cash flows provided as a result of changes in our operating assets and liabilities reflected a $11.9 million increase in deferred revenue as a result of the growth of our customer and user base which are billed in advance of our revenue recognition, and a $2.1 million increase in accrued expenses primarily associated with increases in employee related accruals as a result of increases in headcount. The changes in our operating assets and liabilities were partially offset by a $5.4 million increase in accounts receivable due to the growth of our customer and user base, and a $4.4 million decrease in accounts payable due to the timing of the payment of acquisition related costs.

During the 2013 Predecessor Period, cash provided by operations was $1.2 million resulting from our net loss of $10.0 million, largely offset by net cash flows provided through changes in our operating assets and liabilities of $9.8 million and net non-cash expenses of $1.4 million. The $9.8 million of net cash flows provided as a result of changes in our operating assets and liabilities reflected a $5.1 million increase in accounts payable due to acquisition related costs relating to the Acquisition, and a $3.6 million increase in deferred revenue as a result of the growth of our customer and user base which are billed in advance of our revenue recognition.

Net Cash Used in Investing Activities

Our investing activities consist primarily of capital expenditures for property and equipment and capitalized software development costs. The 2013 Successor Period also reflects the impact of the Acquisition.

For the nine months ended September 30, 2015, we used $8.9 million in cash primarily as a result of $7.3 million in purchases of property and equipment related to the expansion of our global headquarters. During the period, we also paid $1.5 million of costs related to capitalized software development costs.

For the nine months ended September 30, 2014, we used $1.8 million in cash as a result of $1.1 million in capitalized software development costs and $0.8 million in purchases of property and equipment.

For the year ended December 31, 2014, we used $2.9 million in cash as a result of $1.4 million in capitalized software development costs and $1.4 million of purchases of property and equipment.

For the 2013 Successor Period, we used $146.3 million in cash primarily related to the Acquisition of BlackLine Systems, Inc., net of cash acquired on September 3, 2013.

For the 2013 Predecessor Period, we used $1.9 million in cash as a result of $0.6 million of costs related to capitalized software development and $1.2 million in purchases of property and equipment.

Net Cash Provided By (Used in) Financing Activities

For the nine months ended September 30, 2015, financing activities provided $1.3 million in cash primarily as a result of $1.3 million in proceeds from exercise of stock options.

For the nine months ended September 30, 2014, financing activities used $0.2 million in cash primarily as a result of $0.2 million in repurchases of our common stock.

For the year ended December 31, 2014, financing activities provided $4.8 million in cash primarily as a result of our issuance of common stock.

For the 2013 Successor Period, financing activities provided $167.7 million in cash primarily as a result of proceeds of $142.1 million from the issuance of common stock in the Acquisition, $43.9 million in proceeds from long-term debt offset by a $20 million repayment of debt, and $2.0 million as a result of an excess tax benefit related to stock options.

For the 2013 Predecessor Period, financing activities used $2.8 million in cash primarily as a result of $2.8 million in distributions to stockholders immediately prior to the Acquisition.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations at September 30, 2015:

		Less Than			
	Total	1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years
			(in thousands)		
Long-term debt obligations(1)	$38,466	$ 869	$37,597	$ —	$ —
Operating lease obligations(2)	17,738	3,642	6,029	3,693	4,374
	$56,204	$4,511	$43,626	$3,693	$ 4,374

(1) Long-term debt obligations includes principal and expected interest at 9.5% per annum due under the Term Loan and assumes a portion of interest due increases the principal and is due at maturity as described in Note 7 of our consolidated financial statements appearing elsewhere in this prospectus.

(2) Operating leases include total future minimum rent payments under non-cancelable operating lease agreements as described in Note 10 of our consolidated financial statements appearing elsewhere in this prospectus.

In November 2015, we entered into a new software licensing agreement with total obligations of $2.3 million due for the period from November 2015 through October 2018.

At December 31, 2014, liabilities for unrecognized tax benefits of $188,000 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.

In the ordinary course of business, we may provide indemnification of varying scope and terms to customers, vendors, investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of our breach of such agreements, services to be provided by us, or from intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments we could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments we could be required to make under these indemnification provisions is indeterminable. We have never paid a material claim, nor have we been sued in connection with these indemnification arrangements. As of September 30, 2015, we have not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements is not probable or reasonably estimable.

Critical Accounting Policies and Estimates

Our financial statements and the related notes included elsewhere in this prospectus are prepared in accordance with generally accepted accounting principles, or GAAP, in the United States. 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 the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

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 a full understanding and evaluation of our consolidated financial condition and results of operations. See Note 2 of the notes to our consolidated financial statements for additional information.

Revenue Recognition and Deferred Revenue

Subscription and support revenue—Customers pay subscription fees for access to our SaaS platform generally for a one year period. In more limited cases customers may subscribe for up to three years. Fees are based on a number of factors, including the solutions subscribed for by the customer and the number of users having access to the solutions. The first year subscription fees are typically payable within 30 days after the execution of the arrangement, and thereafter upon renewal. We initially record the subscription fees as deferred revenue and recognize revenues on a straight-line basis over the term of the agreement. At any time during the subscription period, customers may increase the number of their users or subscribe for additional products. Additional user fees and additional subscriptions are payable for the remainder of the initial or extended contract term. Subscription and support revenue also includes software license revenue related to maintenance and support fees on a limited number of customers who still utilize on-premise software.

Professional services—We offer customers assistance in implementing our solutions and optimizing their use. Professional services include training and consulting. These services are billed on either a fixed fee or time and material basis. Revenues from time and material arrangements are recognized as services are performed and revenues from fixed fee arrangements are initially recorded as deferred revenue and recognized on a proportional performance basis as the services are performed.

We recognize revenues when: (i) persuasive evidence of an arrangement for the sale of our solutions or implementation and consulting services exists, (ii) the solutions 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 we recognize as revenue is determined based on the facts and circumstances of each customer's arrangement. Evidence of an arrangement consists of a signed customer agreement. We consider that delivery of a solution has commenced once we provide the customer with log-in information to access and use the solution. Fees are fixed based on stated rates specified in the customer agreement. We assess collectability based on a number of factors, including the creditworthiness of the customer, review of their financial information or transaction history. If collectability is not considered reasonably assured, revenue is deferred until the fees are collected.

The majority of customer arrangements include multiple deliverables such as subscriptions to our SaaS solutions and professional services. We recognize 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. For subscription agreements, as customers do not have the right to the software code underlying our solutions, subscription revenue arrangements are outside the scope of software revenue recognition guidance as defined by ASC Topic 985-605, *Software.* Our agreements do not contain any refund provisions other than in the event of our non-performance or breach.

For multiple-deliverable revenue arrangements, we first assess whether each deliverable has value to the customer on a standalone basis. We have determined that the SaaS solutions have standalone value, because, once access is given to the customer, the solutions are fully functional and do not require any additional development, modification, or customization. Professional services have standalone value, because third-party partners and customers themselves can perform these services without our involvement. The performance of these professional services generally does not require highly specialized or technologically skilled individuals and the professional services are not essential to the functionality of the solutions.

We allocate revenue among the separate non-contingent 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, 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 able to determine VSOE or TPE for our deliverables, because the deliverables are typically bundled and infrequently sold separately within a consistent price range. Additionally, management has determined that there are no third-party offerings reasonably comparable to our solutions. Therefore, the selling prices of subscriptions to the SaaS solutions and professional services are based on BESP. The determination of BESP requires us to make significant estimates and judgments. We consider numerous factors, including the nature of the deliverables themselves, geography, customer size and number of users, and discounting practices. The determination of BESP is made through consultation with senior management. We update our estimates of BESP on an ongoing basis as events and as circumstances may require. As our marketing strategies evolve, we may modify its pricing practices in the future, which could result in changes in relative selling prices and BESP.

In addition to our direct sales and marketing efforts, we have strategic relationships with business process outsourcers, or BPOs, and resellers. The BPOs and resellers place orders with us after receiving an order from an end customer. The BPOs and resellers receive business terms of sale

similar to those received by our direct customers, and payment to us is not contingent on the receipt of payment from the end customer. The BPOs and resellers negotiate pricing with the end customer and are responsible for implementation services, if any, and for certain support levels directly with the end customer. We recognize revenue over the term of the arrangement for the contractual amount charged to the BPO or reseller, once access to our solution has been provided to the end customer provided that the other revenue recognition criteria noted above have been met.

Deferred Sales Commissions

Deferred sales commissions are the incremental costs that are directly associated with non-cancelable subscription contracts with customers and consist of sales commissions paid to our direct sales force and third-party partners. The commissions are deferred and amortized over the non-cancelable terms of the related customer contracts, which are typically one year in duration. The commission payments are paid in full the month after the customer's service commences. The deferred commission amounts are recoverable through the future revenue streams under the non-cancelable customer contracts. We believe this is the preferable method of accounting as the sales commission charges are so closely related to the revenue from the non-cancelable customer contracts that they should be recorded as an asset and charged to expense over the same period that the subscription revenue is recognized. Amortization of deferred sales commissions is included in sales and marketing in our consolidated statements of operations.

Stock-based Compensation

We account for stock-based compensation awards granted to employees and directors based on the awards' estimated grant date fair value. We estimate the fair value of our stock options using the Black-Scholes option-pricing model. The resulting fair value, net of estimated forfeitures, is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award, usually the vesting period, which is generally four years. We recognize the fair value of stock options which contain performance conditions based upon the probability of the performance conditions being met, net of estimated forfeitures, using the graded vesting method. Estimated forfeitures are based upon our historical experience and we revise our estimates, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

Determining the grant date fair value of options using the Black-Scholes option pricing model requires management to make assumptions and judgments. These estimates involve inherent uncertainties and if different assumptions had been used, stock-based compensation expense could have been materially different from the amounts recorded.

The assumptions and estimates are as follows:

- ***Value per share of our common stock***. Because there is no public market for our common stock, we, with the assistance of a third-party valuation specialist, determined the common stock fair value at the time of the grant of stock options by considering a number of objective and subjective factors, discussed further below. The fair value of our common stock will be determined by the Company's board of directors until such time as our common stock commences trading on an established stock exchange or national market system.
- ***Expected volatility***. We determine the expected volatility based on historical average volatilities of similar publicly traded companies corresponding to the expected term of the awards.
- ***Expected term***. We determine the expected term of awards which contain only service conditions using the 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. For awards granted which contain performance conditions, we estimate the expected term based on estimates of post-vesting employment termination behavior taking into account the life of the award.

- ***Risk-free interest rate***. The risk-free interest rate is based on the United States Treasury yield curve in effect during the period the options were granted corresponding to the expected term of the awards.
- ***Estimated dividend yield***. The estimated dividend yield is zero, as we do not currently intend to declare dividends in the foreseeable future.

Information related to our stock-based compensation activity is as follows:

	Year Ended December 31,	Nine months ended September 30,	
	2014	2014	2015
Stock options granted	22,070,000	21,210,000	10,483,884
Weighted average exercise price	$ 1.07	$ 1.00	$ 2.85
Weighted average Black-Scholes model assumptions:			
Estimated fair value of common stock	$ 1.07	$ 1.00	$ 2.85
Estimated volatility	54.0%	54.1%	49.7%
Estimated dividend yield	—	—	—
Expected term (years)	6.20	6.25	6.25
Risk-free rate	1.9%	1.9%	1.7%

Significant Factors, Assumptions and Methodologies Used in Determining Fair Value of Common Stock

The fair value of the common stock underlying our stock options was historically determined by our board of directors with input from management based upon information available at the time of grant. Given the absence of a public trading market for our common stock and in accordance with the American Institute of Certified Public Accountants Accounting & Valuation Guide, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, our board of directors has exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock at each grant date. These factors included the following:

- the results of contemporaneous valuations performed by unrelated third-party specialists;
- our operating and financial performance;
- current business conditions and projections;
- our history and stage of development;
- hiring of key personnel and the experience of our management;
- significant new client sales by us and by our competitors and our competitive position in general;
- sales of our common stock to third-party investors;
- the likelihood of achieving different liquidity events, such as an initial public offering or a merger or acquisition given prevailing market conditions;
- the market performance of comparable publicly traded companies;

- indications from recent transactions involving comparable acquisition targets; and
- U.S. and global capital market conditions.

The per share estimated fair value of our common stock in the table below represents the determination by our board of directors of the fair value of our common stock as of the date of grant, taking into consideration the various objective and subjective factors described above, including the valuations of our common stock. There is inherent uncertainty in these estimates and, if we had made different assumptions than those described below, the fair value of the underlying common stock and amount of our stock-based compensation expense, net loss, and net loss per share amounts would have differed.

Grant Date	Number of Shares	Exercise Price at Grant Date	Estimated per Share Fair Value of Common Stock at Grant Date
December 16, 2014	860,000	$ 2.80	$ 2.80
January 15, 2015	310,000	2.80	2.80
March 30, 2015	5,183,884	2.80	2.80
April 6, 2015	50,000	2.80	2.80
May 20, 2015	1,969,000	2.90	2.90
May 30, 2015	1,000,000	2.90	2.90
August 31, 2015	1,971,000	2.90	2.90
November 10, 2015	775,500	3.00	3.00

The aggregate intrinsic value of vested and unvested stock options as of September 30, 2015 was $ million, of which $ million related to vested options and $ million related to unvested options, based on a price of $ per share, which is the midpoint of the estimated offering price range on the cover page of this prospectus.

In valuing our common stock, the fair value of our business, or enterprise value, was determined using various valuation methods, including combinations of methods and scenarios, as deemed appropriate under the circumstances applicable at each valuation date.

Using the market approach, enterprise value is estimated considering an analysis of both guideline public companies, or GPC, and guideline transactions, or GT.

- The GPC analysis estimates value based on a comparison our company to comparable public companies in a similar line of business. We selected software public companies, which we refer to as the Benchmarked Companies, based on their similarity of their businesses in offering SaaS services, stage of development, size, and profitability. We also considered companies which our underwriters had compared to us. While the Benchmarked Companies were generally larger than us in terms of total revenue, assets and market capitalization, several of the companies, like us, are in the investment and growth stage and have experienced operating losses while they have been growing their businesses. Also, several of the comparable companies completed initial public offerings in recent years. The selection of Benchmarked Companies has changed over time based on whether we believe the selected companies remain comparable to us. For valuations received subsequent to June 30, 2014, the Benchmarked Companies have remained consistent. Based on these considerations, we believe that the companies selected are a representative group for the GPC analysis.
- From the Benchmarked Companies, representative market values were calculated which were applied to our company's financial results to estimate enterprise value. Given our significant focus on investing in and growing our business, we primarily utilized revenue multiples (both

trailing 12-month revenue and forecast future 12-month revenue) when performing our valuation assessment under the GPC analysis.

- The GT analysis is based upon the premise that indications of value can be estimated utilizing valuation multiples implied by acquisitions involving target companies in a similar line of business. This approach involved the identification of relevant transactions, calculation of valuation multiples, and the selection and application of appropriate multiples to the financial metrics of our company. Similar to the GPC analysis, we focused on the use of revenue multiples.

The market-based approach considerations also incorporated indications from recent sales of our company's stock. Considerations included the size of the common stock sale, relationship of the parties involved in the transaction, timing, and financial condition of our company at the time of sale. In late 2014, we sold common stock for $2.80 per share.

The income approach estimates the fair value of the enterprise based on the present value of future estimated net cash flows and the residual value of the enterprise beyond the forecast period. The future net cash flows and residual value are discounted to their present values to reflect the risks inherent in achieving these estimated net cash flows. The discount rate was based on market-derived weighted average cost of capital calculations.

For valuations of our common stock related to options granted prior to April 30, 2015, fair values were generally estimated using the income and market-based approaches – with our enterprise value adjusted to reflect our capital structure as well as lack of marketability for the common stock.

For valuations of our common stock related to options granted after April 2015 we used the probability-weighted expected return method, or PWERM. We commenced using the PWERM given greater visibility into the potential exit scenarios, including an initial public offering. Under the PWERM, value is based on an analysis of future values for the enterprise assuming various possible liquidity scenarios, including an initial public offering, merger or sale, or staying private. Future values were discounted to the present, and a discount for lack of marketability was applied. We based the anticipated timing of such potential liquidity events primarily on our then-current plans and associated risks, as estimated by our board of directors and management.

Capitalized Software Costs

We account for the costs of computer software obtained or developed for internal use in accordance with ASC 350*, Intangibles—Goodwill and Other* ("ASC 350"). We capitalize certain costs in the development of our SaaS subscription solutions when (i) the preliminary project stage is completed, (ii) management has authorized further funding for the completion of the project and (iii) it is probable that the project will be completed and performed as intended. These capitalized costs include personnel and related expenses for employees and costs of third-party contractors 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 significant upgrades and enhancements to our SaaS software solutions are also capitalized. Costs incurred for post-configuration training, maintenance and minor modifications or enhancements are expensed as incurred. Capitalized software development costs are amortized using the straight-line method over an estimated useful life of three years.

Business Combinations

The results of businesses acquired in a business combination are included in our 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.

We perform valuations of assets acquired and liabilities assumed and allocate the purchase price to its respective assets and liabilities. Determining the fair value of assets acquired and liabilities assumed requires our management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates and selection of comparable companies. We engage 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.

The fair value of the deferred revenue at the date of acquisition is determined based on the estimated direct and incremental costs to fulfill the legal performance obligations associated with the deferred revenue, plus a reasonable profit margin. To the extent that the fair value of deferred revenue at the acquisition date is less than it's then carrying value, the revenue in periods subsequent to the acquisition date is reduced until such time that the underlying revenue is recognized.

Contingent consideration payable in cash arising from business combinations is recorded as a liability and measured at fair value each period. Changes in fair value are recorded in general and administrative expenses in the consolidated statements of operations. Determining the fair value of the contingent consideration each period requires our management to make assumptions and judgments. These estimates involve inherent uncertainties and if different assumptions had been used, the fair value of contingent consideration could have been materially different from the amounts recorded. We determine the fair value of contingent consideration by discounting estimated future taxable income. The significant inputs used in the fair value measurement of contingent consideration are the timing and amount of taxable income in any given period and determining an appropriate discount rate which considers the risk associated with the forecasted taxable income. Significant changes in the estimated future taxable income and the periods in which they are generated would significantly impact the fair value of the contingent consideration liability.

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 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.

Fair Value of Common Stock Warrants

In September 2013, in connection with the Term Loan, we issued warrants to purchase 2,500,000 shares of common stock at an exercise price per share of $1.00. The warrants are exercisable at any time by the holder and expire upon the earlier of ten years from the issuance date or the sale of our company.

These warrants are classified as a liability and are measured at fair value each period with changes in fair value recorded in our consolidated statement of operations. The warrants will continue to be measured at fair value each period until the earlier of exercise or termination.

Determining the fair value of the common stock warrants each period requires our management to make assumptions and judgments. These estimates involve inherent uncertainties and if different assumptions had been used, fair value of the common stock warrants could have been materially different from the amounts recorded. The fair value is determined using a binomial lattice valuation model. The significant inputs used in the fair value measurement of the common stock warrants are the estimated fair value of our common stock and to a lesser extent the expected stock volatility, the probability of a change in control and future stock issuances which impact the term of the warrants. Significant increases or decreases in the estimated fair value of our common stock would significantly impact the fair value of the warrant liability. The fair value of our common stock is based on a number of quantitative and qualitative factors as described in Stock-Based Compensation section above.

Recent Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board, or FASB, issued new guidance related to the balance sheet presentation of deferred tax assets. The new guidance requires that deferred tax liabilities and assets, and any related valuation allowance, are classified as noncurrent in the consolidated balance sheet. The new guidance is effective for annual and interim periods beginning after December 15, 2016. Earlier application of this guidance is permitted as of the beginning of an interim or annual reporting period. We have not selected a transition method and are currently evaluating the impact the guidance may have on our financial condition.

In April 2015, the FASB issued new guidance related to the presentation of debt issuance costs, which requires debt issuance costs to be presented in the balance sheet as a direct deduction for the associated debt liability. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. We early adopted this guidance in connection with the issuance of the 2013 financial statements. The adoption resulted in $304,000 of issuance costs as of December 31, 2013 related to our long-term debt being recorded as a reduction in the carrying amount of the debt rather than deferred charges recorded in other assets on the consolidated balance sheet.

In April 2015, the FASB issued new guidance related to the customer’s accounting for fees paid in a cloud computing arrangement, which provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The new guidance is effective for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The adoption of the guidance is not expected to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued guidance related to revenue from contracts with customers. 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 or services. The updated standard will replace all existing revenue recognition guidance under GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. In July 2015, the FASB voted to defer the effective date to January 1, 2018, with early adoption beginning January 1, 2017. We are evaluating the impact of adopting this guidance on our consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate, foreign exchange and inflation risks, as well as risks relating to changes in the general economic conditions in the countries where we conduct business. To reduce these risks, we monitor the financial condition of our clients and limit credit exposure by collecting in advance and setting credit limits as we deem appropriate. In addition, our investment strategy has historically been to invest in financial instruments that are highly liquid and readily convertible into cash and that mature within three months from the date of purchase. 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

We are exposed to market risk related to changes in interest rates.

Our investments are considered cash equivalents and primarily consist of money market funds. At September 30, 2015, we had cash and cash equivalents of $18.0 million. 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 a fluctuation in interest rates, which may affect our interest income and the fair market value of our investments. Due to the short-term nature of our investment portfolio, however, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. 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 have significant risk of default or illiquidity. While we believe our cash equivalents do not contain excessive risk, we cannot provide absolute 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 be assured that we will not experience losses on these deposits.

We are exposed to market risk from changes in interest rates on our Term Loan, which bears interest at (i) the greater of LIBOR or 1.5% plus (ii) 8%. As of September 30, 2015, we had principal amounts outstanding of $29.2 million under our credit facility. We have not used any derivative financial instruments to manage our interest rate risk exposure.

Foreign Currency Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. Dollar. Our historical revenues have primarily been denominated in U.S.

Dollars, and a significant portion of our current revenues continue to be denominated in U.S. Dollars. However, we expect an increasing portion of our future revenues to be denominated in currencies other than the U.S. Dollar, primarily the Euro and British pound. The effect of an immediate 10% adverse change in foreign exchange rates on foreign-denominated accounts receivable at September 30, 2015 would not be material to our financial condition or results of operations. Our operating expenses are generally denominated in the currencies of the countries in which our operations are located, primarily the United States and, to a much lesser extent, the United Kingdom, other European Union countries, Canada, Australia, and Singapore. Increases and decreases in our foreign-denominated revenue from movements in foreign exchange rates are partially offset by the corresponding decreases or increases in our foreign-denominated operating expenses.

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, since exchange rate fluctuations have not had a material impact on our operating results and cash flows. Based on our current international structure, we do not plan on engaging in hedging activities in the near future.

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.

BUSINESS

Overview

We have created a comprehensive cloud-based software platform designed to transform and modernize accounting and finance operations for organizations of all types and sizes. Our secure, scalable platform supports critical accounting processes such as the financial close, account reconciliation, intercompany accounting and controls assurance. By introducing software to automate these processes and to enable them to function continuously, we empower our customers to improve the integrity of their financial reporting, achieve efficiencies and enhance real-time visibility into their operations.

Critical accounting and finance processes underlie the integrity of an organization's financial reports. The lack of effective accounting and finance tools can result in inefficient and cumbersome processes and, in some cases, accounting errors, restatements and write-offs, as well as material weaknesses and significant deficiencies. Traditional enterprise resource planning, or ERP, systems do not generally provide effective solutions for processes handled outside of an organization's general ledger, such as balance sheet account reconciliation, intercompany transaction accounting and the broader financial close process. Many organizations also use multiple ERPs and other financial systems without a platform to efficiently integrate them. As a result, organizations rely on spreadsheets and other labor-intensive processes to manage these tasks. We believe that we are creating a new category of powerful software that is capable of replacing this outdated approach, which is unsuited for the increasing regulatory complexity and transaction volumes encountered by many modern businesses. We believe our customers benefit from cost savings through improvements in process management and staff productivity, in addition to a faster financial close.

Our mission is to transform how corporate accounting and finance departments operate. Our approach modernizes what historically has been done through batch processing and manual controls typically applied only during the month, quarter or year-end financial close, and delivers dynamic workflows embedded within a real-time, highly automated framework, a process we refer to as "continuous accounting." It also enables up-to-date analytics, provides industry-benchmarked metrics and is designed to help customers run more leanly while achieving greater accuracy, control and transparency. Our software integrates with and obtains data from more than 30 different ERP systems, including NetSuite, Oracle, SAP and Workday, as well as many other financial systems and applications such as bank accounts, sub-ledgers and in-house databases.

We believe the need for our software has been driven by growing business and information technology complexities, transaction volumes and the more expanding regulatory requirements. According to a study we commissioned with Frost & Sullivan, in 2015 there were more than 46,000 corporate organizations in North America and more than 165,000 worldwide that are in our addressable market with revenues greater than $50 million. According to Frost & Sullivan, these companies employ over 13 million accounting and finance personnel, with over 5.5 million in North America alone, all of whom could be potential users of our software platform. Based on its assessment of the number of corporate organizations, accounting finance personnel globally and certain assumptions regarding pricing of our products, Frost & Sullivan estimates that our total addressable market in 2015 was $7.2 billion in North America and $9.4 billion in Europe, Asia Pacific and Latin America, and is expected to grow to a global total addressable market of $19.7 billion by 2018.

We sell our software solutions primarily through our direct sales force, which leverages our relationships with technology vendors, professional services firms and business process outsourcers, to expand our sales and marketing reach. Our distribution strategy is based on a land-and-expand

model and is designed to capitalize on the ease of use and ease of implementation. Our customers include large public and private organizations and small and medium-size businesses across a variety of industries, including healthcare, technology, telecom, financial services, consumer retail and industrial equipment and services. As of September 30, 2015, we had over 119,000 individual users in approximately 100 countries across more than 1,200 customers.

We have experienced significant revenue growth and adoption of our platform in recent periods. We had revenues of $23.4 million for the period from January 1, 2013 to September 2, 2013, $8.6 million for the period from September 3, 2013 to December 31, 2013 and $51.7 million in for the year ended December 31, 2014. For the nine months ended September 30, 2014 and 2015, we had revenues of $35.6 million and $59.1 million, respectively. We incurred net losses of $10.0 million for the period from January 1, 2013 to September 2, 2013, $6.7 million for the period from September 3, 2013 to December 31, 2013, $16.8 million for the year ended December 31, 2014, $11.0 million for the nine months ended September 30, 2014 and $17.5 million for the nine months ended September 30, 2015. See “Summary Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other information included in this prospectus for a discussion of our financial performance.

Industry Background

Accounting is a Universal and Mission-Critical Function

Organizations need reliable financial information to plan and execute business initiatives, measure operational progress and satisfy regulatory and financial obligations. For each period-end, enterprise accounting functions typically record, process, reconcile, consolidate and report financial transactions that are consolidated into useable financial information. These activities typically support other core business functions such as payroll, treasury, procure-to-pay and order-to-cash processes. Traditionally, many accounting processes, such as balance sheet account reconciliation, intercompany transaction accounting and the broader financial close calendar, have been managed and tracked with spreadsheets that were manually reconciled on a periodic basis, which can often be labor-intensive, inefficient and subject to error. The risks of employing traditional methods include lapses in regulatory compliance, damage to brand and public image, and negative impacts on financial health and transparency.

Modern Business is Increasingly Complex

Organizations of all sizes are operating in an increasingly global, complex, and fast-moving business environment that presents significant challenges to the performance of the accounting and finance functions. Accountants must process and verify transactions that occur both within and across international borders, involve multiple currencies and require compliance with varying legal, regulatory, and tax frameworks. This transactional complexity is exacerbated by other factors typical of global business, such as distance, language barriers and differing time zones. In addition, modern enterprises generate massive amounts of transaction data. It is common for organizations to have thousands of different accounts—potentially comprising billions of records—and to use numerous different financial and operational systems that store data. Furthermore, companies employ increasingly sophisticated corporate structures that often require accountants to reconcile accounts across various business units and geographies. We believe that the complexity of modern corporate structures and transactions, combined with mounting transaction volumes and a fragmented information technology landscape, creates a significant need for increased automation, efficiency, and visibility in accounting and finance.

The Risk of Regulatory Non-Compliance is Significant

Public accounting follows a variety of rules and standards for the processing, recognition, and reporting of transactions. These standards, such as generally accepted accounting principles, or GAAP, and International Financial Reporting Standards, or IFRS, are highly specific, apply differently across industries and geographies and, in some cases, provide conflicting guidance. More specific frameworks such as the Sarbanes-Oxley Act of 2002 govern internal controls, disclosure management, and audit conduct. Some highly-regulated industries, including financial services, gaming and insurance, have additional specific regulatory requirements. In addition, accounting standards periodically change, such as the revenue recognition accounting standard issued by the FASB in 2014, which must be adopted by public companies over the next several years and will require an overhaul of many public accounting systems and practices. The resulting tangle of stringent, changing and sometimes conflicting regulations typically requires that organizations maintain more than one set of records, invest heavily in implementing and monitoring internal controls, and undergo expensive and time-consuming audits.

Incorrect financial information can have severe repercussions. A single restatement can cost millions of dollars in forensic and audit fees, lead to significant remediation expenses, generate investor lawsuits and seriously damage an enterprise's reputation. A material weakness can also trigger noncompliance with debt covenants and damage an organization's credit-worthiness. The SEC has also proposed new rules that will require companies to "claw back" incentive-based executive compensation as a result of an accounting restatement. According to the Center for Audit Quality, from 2003 to 2012, 10,479 accounting restatements were reported by SEC reporting companies, including 4,246 restatements requiring reissuance of the affected financial statements, and there was a demonstrated negative near-term effect on the public market price of securities of many companies making such restatements.

Companies Lack Real-Time, Actionable Data from Their Accounting Departments

As complexity, transaction volume, and regulatory scrutiny increase, management teams often find themselves without clear and immediate insight into their accounting and finance processes and results. In most cases, the accounting department's work is done within desktop applications or with the use of spreadsheets, leaving management with an incomplete view of their progress in closing, consolidating, and reporting each period. By the time data is manually compiled, it is often days or weeks out-of-date, limiting the ability to effectively track and analyze fluctuations and trends, detailed metrics on individual and team performance, and transaction risk profiles in a timely manner.

Such lack of visibility limits the ability of accounting managers to influence ongoing accounting operations. Instead, they are often relegated to conducting quality control measures after a process is completed. Important decisions may be made by less experienced employees and costly errors, such as unreconciled balances or unapproved fund transfers may go undetected. In addition, the discipline of accounting frequently lacks established metrics by which to gauge performance.

Accounting Professionals Face Compressed Deadlines and a Heightened Expectation of Accuracy

Many organizations, and public companies in particular, have adopted a practice of reporting financial information by a fixed date following their quarter close. Given limited resources, an accelerated timetable can put immense pressure on a company's accounting function. Accounting professionals are expected not only to address business and regulatory challenges but also to achieve completeness and accuracy of operating results to ensure financial integrity. Given these challenges and deadlines, accountants are often forced to leave certain accounts and transactions unreconciled, which can dramatically increase risk and create situations of concern for controllers, chief financial officers and audit committee members.

Traditional Accounting Processes and Tools are Inefficient

The processes and software solutions traditionally employed by accountants, such as general ledgers and ERP systems, do not provide effective solutions for critical, non-general ledger accounting and finance processes such as balance sheet account reconciliation, intercompany transaction accounting and the overall management of the entire financial close process. Most core accounting and financing systems are designed as batch transaction repositories without the ability to consume and process continuous streams of data. In addition, most organizations use multiple ERPs and many other financial systems across their IT environments. Traditionally available accounting tools are inflexible, expensive to configure and maintain, and do not scale easily. As a result, we are addressing a clear need for new scalable accounting and finance tools that can consume data from a variety of sources, process it quickly with embedded business logic, provide a collaborative workspace for accountants, and then store information within a data warehouse or ERP system. Furthermore, accounting processes themselves have not evolved over time and instead remain focused on producing financial information only after period-end, ignoring the growing demand for a more streamlined, continuous approach to accounting.

The BlackLine Solution

We provide a powerful cloud-based software platform designed to automate and streamline accounting and finance operations. The key elements of our solutions include:

Comprehensive Platform

We offer an integrated suite of applications that delivers a broad range of capabilities that would otherwise require the purchase and use of multiple products to support critical accounting processes such as the financial close, account reconciliations, intercompany accounting and controls assurance. Our platform consists of seven core cloud-based products, including Account Reconciliation, Task Management, Transaction Matching, Journal Entry, Variance Analysis, Consolidation Integrity Manager and Daily Reconciliation. Customers typically purchase these products in packages that we refer to as solutions, but they have the option to purchase these products individually. Current solutions include our Reconciliation Management and Financial Close Management, Intercompany Hub and Insights. The technology underpinning our platform includes a comprehensive base of accounting-specific business logic and rules engines, which enable our customers to implement continuous accounting.

Enterprise Integration

Our platform provides simple, secure and automated tools and integrations to transfer data to and from a range of enterprise-wide processes and systems, including ERPs, financial systems and in-house databases, and other custom applications and data. Our platform integrates with over 30 ERP systems, including NetSuite, Oracle, SAP and Workday. In addition, for companies with multiple systems and complex needs, we can connect with any number of general ledger systems simultaneously, resolving many of the issues associated with consolidating data across systems.

Independence

Our platform is not dependent on any single operating system and works with most major ERP systems our customers may use. Our cross-system functionality allows us to reach a broader group of customers. We are also able to focus on and innovate for the needs of the customers irrespective of updates or changes in their existing systems. We believe this independence provides us with a competitive advantage in the industry over traditional methods.

Ease of Use

Our platform is designed by accountants for accountants to be intuitive and easy to use. We strive to enable any user to rapidly implement our platform to manage their accounting and finance activities, from the simplest to the most sophisticated tasks. Our user-friendly interface provides clear visualization of accounting and finance data, enables user collaboration and streamlines business processes.

Innovation

Our ability to develop innovative products has been a key driver of our success and organic growth. Through a history and culture of thought leadership, we have created a new category of powerful software that automates and streamlines antiquated, manual accounting processes to better meet our clients' diverse and rapidly changing needs, and we continue to focus on providing advanced solutions to time and labor intensive accounting practices. Examples of recent innovations include the launches of our Intercompany Hub solution, which is designed to manage all intercompany transactions through one centralized, cloud-based system, and the launch of our Insights solution, which provides real-time performance measures and a benchmarking dashboard.

Security

The robust security features embedded in our platform are designed to meet or exceed both industry standards and the stringent security requirements of our customers. We engage independent security auditors to assess the effectiveness of our comprehensive information security program consisting of risk-driven policies and procedures.

Key Benefits

Our platform is designed to provide the following benefits to our customers:

Flexibility and scalability

Our unified cloud platform is designed for modern business environments and has broad applicability across large and small organizations in any industry. The platform supports complex corporate structures, provides integration across all core financial systems, manages multiple currencies and languages, and scales to support high transaction volumes.

Embedded controls and workflow

Our platform was designed for the complex global regulatory environment. Our platform embeds key controls within standardized, repeatable, and well-documented workflows, which are designed to result in substantially reduced risk of non-compliance or negative audit findings, greater tolerance for regulatory complexity and increased confidence in financial reports.

Real-time visibility

We provide users with real-time visibility into the status, progress and quality of their accounting processes. With configurable dashboards, user-defined reporting, and the ability to drill down to individual reconciliations, journals and tasks, users can track open items, identify bottlenecks within a process or intervene to prevent mistakes.

Automation and efficiency

Our platform can ingest data from a variety of sources, including ERP systems and other data repositories, and apply powerful, rules-driven automation to reconciliations, journals and transactions. This streamlines accounting processes, minimizes manual data entry, and improves individual productivity to help ensure that accounting processes are completed on time. As a result, this automation allows users to focus on value-added activities instead of process management.

Continuous processing

Our platform helps organizations embed quality control, compliance and financial integrity into their day-to-day processes rather than rely on the traditional process of validating financial information at the end of each period. Activities such as account reconciliation and variance analysis can be performed in real-time, thus reducing the risk of errors and creating a more agile accounting environment.

Our Growth Strategy

We intend to continue investing in a number of growth initiatives to provide our customers with advanced solutions and to address and expand our market opportunity. Our principal growth strategies include the following:

Continue to Innovate and Expand Our Platform

Our ability to develop new, market-leading applications and functionalities is integral to our success. We intend to continue extending the functionality and range of our applications to bring new and improved solutions to accounting and finance. Examples of recent innovations include the launch of our Intercompany Hub solution, which is designed to manage all intercompany transactions through one centralized, cloud-based system and the launch of our Insights solution, which provides real-time performance measures and a benchmarking dashboard.

Enhance Our Leadership Position in the Enterprise Market and Mid-Market Customer Base

We believe we have a leading position in both the enterprise market and the mid-market. We had more than 1,200 customers across a variety of industries and geographies as of September 30, 2015. Our customers include some of the largest multi-national enterprises, as well as leading medium and small businesses around the world. We intend to leverage our brand, history of innovation and customer focus to maintain and grow our leadership position in the enterprise market. We believe that mid-market businesses are particularly underserved and that our platform can help these businesses modernize their accounting and finance processes efficiently and effectively. We have made recent investments to grow our mid-market sales team, and plan to continue leveraging our network of resellers to grow our mid-market business globally.

Increase Customer Spend through Expanded Usage and Adoption of Additional Products

We believe there is a significant opportunity to increase sales of our products within our existing customer base. We pursue a land-and-expand sales model to increase the use of our platform by selling additional solutions and features and increasing the number of users within our customers' organizations. Our pricing model is designed to allow us to capture additional revenue as our customers' usage of our platform grows, providing us with an opportunity to increase the lifetime value of our customer relationships.

Expand Our International Operations and Customer Footprint

We believe that we have a significant opportunity to expand the use of our cloud-based products outside the United States. We currently have users in approximately 100 countries, and our platform supports applicable international accounting standards as well as 16 languages and all ISO currencies. We derived approximately 14% of our revenues from sales outside the U.S. in the nine months ended September 30, 2015 and believe there are substantial opportunities to increase sales to customers outside of the U.S. We have an established presence in Australia, Canada, England, France, Germany and Singapore and we intend to invest in further expanding our footprint in these and other regions.

Extend Our Customer Relationships and Distribution Channels

We have established strong relationships with key industry participants to supplement marketing and delivery of our applications. These relationships include agreements with technology vendors such as SAP and Netsuite, professional services firms such as Deloitte & Touche and KPMG, and business process outsourcers such as Cognizant, Genpact and IBM. These relationships enable us to increase the speed of deployment and offer a wider range of integrated services to our customers. In particular, we offer our customers an integrated SAP-endorsed business solution through our relationship with SAP. We intend to continue to strengthen and expand our existing relationships, seek new relationships and further expand our distribution channels to help us expand into new markets and increase our presence in existing markets.

Customers

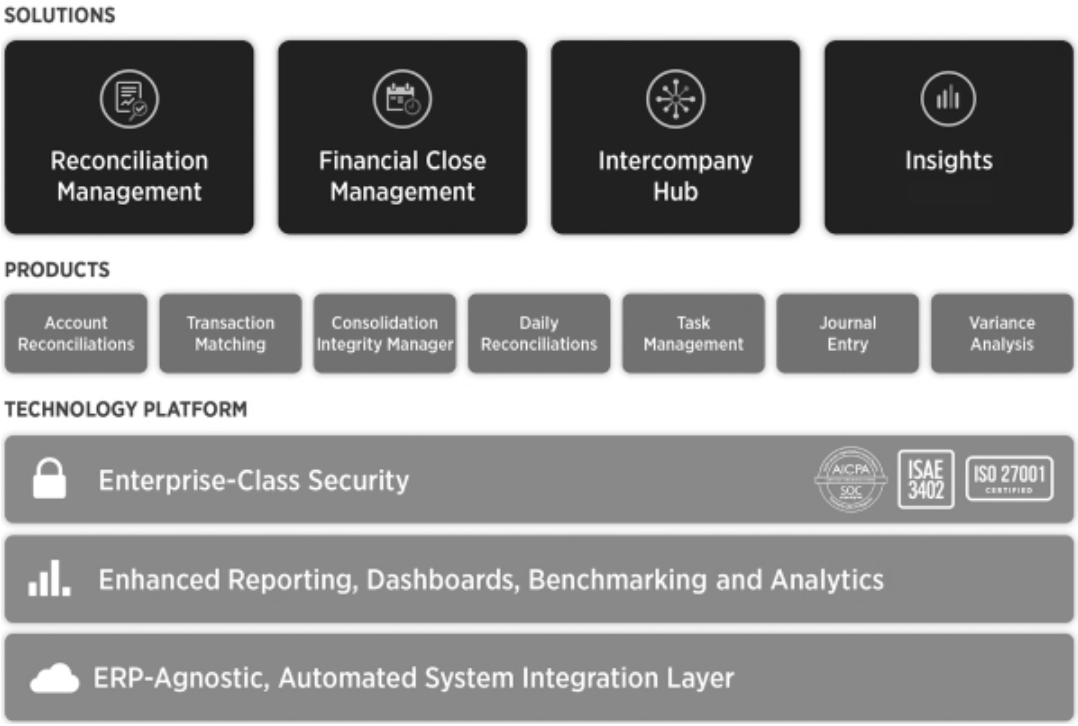
Our customers include multinational corporations, large domestic enterprises and mid-market companies across a broad array of industries. These businesses include publicly-listed entities and privately-owned enterprises, as well as non-profit entities. From January 1, 2012 to December 31, 2014, our customer base increased from approximately 500 customers to nearly 1,000 customers. As of September 30, 2015, we had over 119,000 individual users in approximately 100 countries across more than 1,200 customers. We define a customer as an entity with an active subscription agreement as of the measurement date. In situations where an organization has multiple subsidiaries or divisions, each entity that is invoiced as a separate entity is treated as a separate customer. Revenue from our enterprise and mid-market customers comprised 86% and 14%, respectively, of total revenues for the nine months ended September 30, 2015.

Our customers operate in complex, diverse and often global information technology ecosystems with numerous general ledgers, sub-ledgers, treasury systems, and ERP systems from different vendors, including NetSuite, Oracle, SAP and Workday. Our platform is designed for and used by employees across the organization, including end users such as internal accounting employees, controllers and chief accounting officers, as well as chief financial officers and other senior executives and external auditors.

We believe our customers benefit from improvements in process management and staff productivity, in addition to a faster financial close. Cost savings are achieved from the reconciliations of accounts, across approval and review roles, in process administration, and in audit, storage and paper expenses.

Products and Services

Our platform consists of seven core cloud-based products, including Transaction Matching, Account Reconciliations, Consolidation Integrity Manager, Journal Entry, Variance Analysis, Task Management and Daily Reconciliations. Customers typically purchase these in packages that we refer to as solutions, but they have the option to purchase these products individually. Current solutions include our Reconciliation Management, Financial Close Management, Intercompany Hub and Insights.



Reconciliation Management

The process of verifying and validating transactions, balances, and consolidated financial results is referred to as account reconciliation. Our Reconciliation Management solution provides a framework for the reconciliation process, allowing users to build integrity checks and automation into the entire end-to-end work flow. The solution includes:

- ***Account Reconciliations*** provides a centralized workspace from which users can collaborate to complete account reconciliations. Features include standardized templates, workflows for review and approval, linkage to policies and procedures, and integrated storage of supporting documentation. The product automates otherwise manual activities in the reconciliation process, significantly reducing time and effort and increasing productivity. It also enhances internal controls by facilitating the appropriate segregation of duties, simplifying reconciliation audits, and adding transparency and visibility to the reconciliation process.
- ***Transaction Matching*** analyzes and reconciles high volumes of individual transactions from different sources of data based upon user-configured logic. Our rules engine automatically identifies exceptions, errors, missing data, and variances within massive data sets. The

matching engine processes millions of records per minute, can be used with any type of data, and allows customers to reconcile transactions in real-time.

- ***Consolidation Integrity Manager*** manages the automated system-to-system tie-out process that occurs during the consolidation phase of the financial close. Companies with multiple ERPs utilize a consolidation system to produce their consolidated financial results. Because these systems contain and produce information that changes continually and requires constant adjustments, a final tie-out that is typically handled manually in a spreadsheet is necessary prior to publishing results. This product automates the tie-out process, aggregating balances from dozens or hundreds of different systems and allowing users to identify exceptions and create adjustments quickly.
- ***Daily Reconciliations*** narrows the scope of a reconciliation to a single day's transactions or balance detail. Users can then perform their analysis in minutes per day, rather than attempting to review an entire month's worth of activity in a limited time during the period-end close. Some industries, such as banking, require that organizations track the creation and certification of daily reconciliations. Daily reconciliations are a prime example of continuous accounting in action.

Financial Close Management

The collection of processes by which organizations reconcile, consolidate and report on their financial information at the end of each period is referred to as the financial close. Our Financial Close Management solution allows customers to manage the key steps within the close, applying automation where possible, and ensure that tasks are properly completed and reviewed. This solution includes the components of the Reconciliation Management solution, as well as the following products:

- ***Task Management*** enables users to create and manage processes and task lists. The product provides automatic and recurring task scheduling, includes configurable workflow, and provides a management console for accounting and finance projects. Though most commonly used with the financial close, users can create task lists and projects for hundreds of different use cases ranging from external audits to environmental impact surveys.
- ***Journal Entry*** allows users to manually or automatically generate, review, and post manual journal entries. Journals can be automatically allocated across multiple business units and calculated based on complex, client-defined logic. More importantly, the addition of validation and approval checkpoints helps ensure the integrity of information passed to other financial applications. Customers can use the Journal Entry product to pass information to hundreds of different ERPs and subsystems in a configurable, easily consumable format.
- ***Variance Analysis*** provides "always-on" monitoring and automatically identifies anomalous fluctuations in balance sheet and income statement account balances. Once an account in flux is identified, users are automatically alerted so they can research and determine the source of the fluctuation.

Intercompany Hub

Intercompany transactions occur when entities within a corporate parent organization transact with each other. These transactions are some of the most complex and frequent sources of uncertainty for the accounting function. Our Intercompany Hub solution, which was made generally available in November 2015, manages the entire intercompany transaction lifecycle within our platform and we believe it is the only widely available end-to-end intercompany solution. This solution includes the following features:

- ***Intercompany Workflow*** replaces informal, ad-hoc intercompany requests and approvals with a simple, structured workflow approval process. The application stores permissions by entity

and transaction type, ensuring that both the initiator and the approver of the intercompany transaction are authorized to conduct business.

- ***Intercompany Processing*** records an organization's intercompany transactions once they reach an appropriate completion level and posts them to the appropriate systems from a single source. The product automatically incorporates local taxes, exchange rates, invoicing requirements and customer-specific transfer pricing so that the resulting journal entries will net, which reduces the possibility of intercompany differences and eliminates the need to perform a manual reconciliation.
- ***Netting and Settlement*** automatically generate a real-time, aggregated settlement matrix, which show the balance of transactions across an entire organization. Users can filter the information by transaction type, currency or business relationship, easing the process of netting transactions and helping them make informed, strategic decisions.

Insights

Our platform provides us with detailed information about the accounting and finance function for most of our cloud-based customers. Insights, which was made generally available in November 2015, aggregates and analyzes that information and can help clients assess productivity, risk, and timeliness. We also provide a series of key performance indicators and allow clients to compare metrics across their own operating entities, set goals, and gauge their performance over time. Insights provides benchmarking, scores for a variety of industries, company sizes and geographies. These benchmarks are drawn from actual client usage of the application, rather than survey data, which provides valuable context for users.

Services

Customer service is essential to our success. We offer the following services for our customers:

- ***Implementation***. With a focus on configuration over customization, our implementation approach favors rapid and efficient deployments led by accounting experts, rather than technical resources. A typical project will focus on mapping our application to a customer's current or ideal process, coaching them on best practices, and helping organizations become self-sufficient, instead of dependent on additional professional services. For clients that elect to work with a business process outsourcer or other company for implementation services, our implementation team provides ongoing support in order to ensure that the implementation or finance transformation projects are completed successfully. We generally provide this service for a fixed fee.
- ***Support***. We provide live customer support 24/7/365 from our offices in Los Angeles, Sydney, and London. All customers have access to support resources by phone, email or through our portal, free of charge.
- ***Customer Success*****.** Our customer success managers, many of whom are former users, provide customers with best practices and help create a roadmap for expanded usage of our platform. We believe that this service, which is made available to all customers, is central to our retention and upsell efforts.
- ***Training***. We offer a variety of live and web-based training options, but most customers elect to consume their training through our e-learning environment, BlackLine U. Courses cover platform functionality, as well as the underlying concepts that make reconciliation, the financial close, and other accounting and finance activities necessary.

Sales and Marketing

We sell our solutions through our direct sales force. Our enterprise field sales team focuses on selling our solutions to large, global enterprises with annual revenues above $500 million. Our mid-market sales team focuses on selling our solutions to mid-market businesses with annual revenues between $50 million and $500 million. We also have an account management team dedicated to our existing customer base that generates sales by focusing on contract renewals, expanding the current number of users within an organization and up-selling additional products.

Our direct sales force leverages our relationships with technology vendors such as SAP and Netsuite, professional services firms such as Deloitte & Touche and KPMG and business process outsourcers such as Cognizant, Genpact and IBM, to influence and drive customer growth. In particular, we offer our customers an integrated SAP-endorsed business solution in connection with our relationship with SAP. We also utilize a reseller channel that includes software vendors throughout the world.

Our marketing efforts are focused on creating sales leads, establishing and extending our brand proposition, generating product awareness, and cultivating our community of users. We generate sales leads primarily through word-of-mouth, search engine marketing, outbound lead generation and our network of business process outsourcers, business services organizations and resellers. We leverage online and offline marketing channels on a global basis and organize customer roundtables and user conferences and release white papers, case studies, blogs, and digital programs and seminars. We have further extended our brand awareness through sponsorships with leading industry organizations such as the American Institute of Certified Public Accountants, or AICPA, the Institute of Management Accountants, or IMA, the Financial Executives International, or FEI, the Institute of Chartered Accountants in England and Wales, or ICAEW, and the Association of Chartered Certified Accountants, or ACCA.

Technology, Operations and Development

Technology

Our platform has been designed to deliver a consistent, scalable, high-performing and secure experience for our customers. Our platform is enabled by rules engines, flexible templates, role-based workflows and accounting-specific business logic. We deliver our hosted solution on a single code base and via a multi-tenant architecture with unique database instances for each customer. All SaaS customers run the current version of our platform and access it through a web browser. We utilize industry-leading hardware and software components to deliver on the following objectives:

- ***Scalability and Performance***. Our platform supports a high, sustained level of client activity and a large, globally distributed client base while remaining high-performing and reliable. Our infrastructure incorporates load balancing technology and can scale quickly to absorb spikes in usage. We also monitor application performance and intervene as necessary to prevent degradation. Finally, our platform incorporates technologies to manage volume within the solutions. These include a near real-time data warehouse, a high-volume transaction processing engine, and a custom-built user interface.
- **Reliability**. During 2015, we had no unscheduled downtime and 99.945% total availability, including scheduled maintenance. Client data is mirrored between primary and alternate data centers, providing effective redundancy and disaster recovery.
- **Flexibility**. Our application architecture is modular, which allows us to quickly release new products or expand existing feature-sets by combining and configuring existing components. Our development has always been both rapid and responsive, which allows us to support a

wide array of clients and bring new products to market while maintaining a consistent user interface and single, cohesive code base.

Security

Due to the sensitive nature of the data we store for our clients, we place a heavy emphasis on security. Our infrastructure and software products are designed to meet and exceed rigorous security standards and to assure customers that we are taking appropriate measure to protect their data.

We maintain a comprehensive information security management system that extends companywide and integrates into our core technology and business processes. This system includes deployment of a variety of detective, preventive, and deterrent controls that include technical and administrative safeguards. The controls are regularly tested, both internally and by third-party audits and penetration tests. We are certified for compliance with the ISO 27001 framework and we regularly undergo SSAE16 and SOC audits. We believe that we are in compliance with regulatory requirements and that we employ security best practices. A dedicated team of security professionals orchestrate our information security program. Our information security controls and practices include strong encryption for data at rest and in transit and extensive monitoring with comprehensive security incident detection and response process.

Operations

We host our platform and solutions for our customers in data centers located in North America (Culpeper, Virginia and Las Vegas, Nevada) and Europe (Amsterdam, Netherlands and London, United Kingdom). We contract with Verizon (Virginia and Netherlands), SuperNap (Nevada) and VMware (UK) for use of these data center facilities. These facilities provide extensive physical security, including manned security 365 days a year, 24 hours a day, seven days a week, with armed guards, video surveillance, redundant power and environmental controls, and technical controls including biometric access. Network equipment, servers, and applications are managed by our employees and we staff a network operations center, or NOC, to monitor performance 365 days a year, 24 hours a day, seven days a week. We regularly conduct risk and security assessments of these facilities and review their SSAE16, SOC, and/or ISO 27001 attestations and certifications to ensure that our datacenter providers have adequate controls to maintain availability and security of our services.

Development

Our research and development organization focuses on developing new software solutions and enhancing existing products, conducting software and quality assurance testing and improving our core technology. Our research and development organization is located primarily in our Los Angeles, California headquarters, where we are committed to recruiting, hiring and retaining top technical talent. We invest substantial resources in research and development to drive core technology innovation and to bring new products to market.

Our research and development expenses were $4.7 million for the 2013 Predecessor Period, $2.2 million for the 2013 Successor Period and $9.7 million for the year ended December 31, 2014. Our research and development expenses as a percentage of revenue were 20.3% for the 2013 Predecessor Period, 25.9% for the 2013 Successor Period and 18.8% for the year ended December 31, 2014.

Competition

The market for accounting and financial software and services is competitive, rapidly evolving and requires deep understanding of the industry standards, accounting rules and global financial regulations.

We compete with vendors of financial automation software such as Trintech and Runbook and we also compete with components of Oracle's Hyperion software.

We believe the principal competitive factors in our market include the following:

- level of customer satisfaction;
- ease of deployment and use of applications;
- ability to integrate with multiple legacy enterprise infrastructures and third-party applications;
- domain expertise on accounting best practices;
- ability to innovate and respond to customer needs rapidly;
- capability for configurability, integration and scalability of applications;
- cloud-based delivery model;
- advanced security and reliability features;
- brand recognition and historical operating performance; and
- price and total cost of ownership.

We believe we are positioned favorably against our competitors based on these factors. However, certain of our competitors may have greater name recognition, longer operating histories, more established customer and marketing relationships, larger marketing budgets and significantly greater resources.

Intellectual Property and Proprietary Rights

Our intellectual property and proprietary rights are important to our business. We currently have one patent application, which may not result in an issued patent. We primarily rely on copyright, trade secret and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees and the functionality and frequent enhancements to our solutions are larger contributors to our success in the marketplace.

Despite our efforts to preserve and protect our intellectual property and proprietary rights, unauthorized third parties may attempt to copy, reverse engineer, or otherwise obtain portions of our software. 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 intellectual property and proprietary rights from unauthorized use or disclosure in the same manner as the United States. The risk of unauthorized use of our proprietary and intellectual property rights may increase as our company continues 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.

Employees and Culture

We believe our culture and employees are fundamental to our success. Therese Tucker, our founder and Chief Executive Officer, has led our company since its inception in 2001 and has built and maintained a culture committed to empowering our employees and communities around us. Our motto “Think. Create. Serve.” expresses our core values as a company dedicated to innovation and creativity, collaboration and action and service to each other and our customers.

We seek to hire talented employees and are focused on their long-term development and training. We work to foster a collaborative, performance-driven working environment where integrity, open and honest communication and accountability are embraced and cultivated. By mixing these important features with an element of fun, we seek to maintain a satisfying workplace for our employees. We are proud of our recognition as a best place to work in the Los Angeles area in 2012, 2013 and 2014.

Many of our employees have previously worked for our customers. We believe this uniquely positions us to build compelling and effective products while also enhancing the user experience for our customers. Our desire to build a platform that creates value for all stakeholders in the accounting and financial process informs our decisions regarding product design and development.

We also believe in making a positive impact on our communities. Each year during our annual Users Conference we join with our customers to perform a day of community service — in 2014, through a joint event with Windy City Habitat for Humanity, our employees, interested clients and partners volunteered their time to help rebuild homes in the Chicago area and in 2015 we did the same with Atlanta-based Habitat for Humanity to help rebuild homes in the Atlanta area.

As of September 30, 2015, we employed 420 people globally. None of our employees are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Facilities

Our principal executive offices are located in Woodland Hills, California where we occupy approximately 66,000 square feet of space under a lease that expires in June 2022. We also occupy additional leased offices located in Chicago, Illinois; Atlanta, Georgia; New York, New York; London, the United Kingdom; Sydney, Australia; Paris, France; and Johannesburg, South Africa. We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

Legal Proceedings

From time to time, we may be subject to legal proceedings arising in the ordinary course of business. In addition, from time to time, third parties may assert intellectual property infringement claims against us in the form of letters and other forms of communication. As of the date of this prospectus, we are not a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our results of operations, prospects, cash flows, financial position or brand.

MANAGEMENT

Executive Officers, Directors and Key Employees

The following table provides information regarding our executive officers, directors and key employees as of September 30, 2015:

Name	Age	Position
Executive Officers:		
Therese Tucker	54	Chief Executive Officer and Director
Chris Murphy	47	Chief Revenue Officer
Mark Partin	47	Chief Financial Officer
Karole Morgan-Prager	53	Chief Legal Officer
Non-Employee Directors:		
Jason Babcoke	42	Director
John Brennan	50	Director
William Griffith	44	Director
Hollie Haynes	43	Director
Graham Smith	55	Director
Thomas Unterman	71	Director
Key Employees:		
Alain Avakian	46	Chief Technology Officer
David Downing	56	Chief Marketing Officer
Max Solonski	43	Chief Security Officer
Mario Spanicciati	35	Chief Strategy Officer and Director

Executive Officers

Therese Tucker founded BlackLine Systems, Inc. and has served as our Chief Executive Officer and a member of our Board of Directors since August 2001. Prior to founding BlackLine Systems, Inc., Ms. Tucker served as Chief Technology Officer for SunGard Treasury Systems, Inc., a provider of software solutions and information technology services, from 1998 to 2001. Ms. Tucker holds a B.S. in Computer Science and Mathematics from University of Illinois at Urbana-Champaign.

We believe that Ms. Tucker possesses specific attributes that qualify her to serve as a member of our Board of Directors, including over 25 years of experience in the finance and technology industry and the operational insight and expertise she has accumulated as our founder and Chief Executive Officer.

Chris Murphy has served as our Chief Revenue Officer since March 2014. Prior to joining us, Mr. Murphy served as Senior Vice President and General Manager of the Financial Solutions Group for Infor, Inc., a provider of business management enterprise software, from March 2004 to February 2014. From May 2003 to February 2004, Mr. Murphy served as the Vice President of Global Sales Operations for Melita International, a provider of customer contact management solutions. From October 1999 to May 2003, Mr. Murphy served as the Vice President of Sales Operations for divine, inc., an internet incubator. From October 1991 to June 1999, Mr. Murphy served in various financial roles for Platinum Technology Inc., a management software and database company, Information Resources, Inc, a market research company, and United States Cellular Corporation, a provider of

wireless services. Mr. Murphy holds an M.B.A. from DePaul University, Charles H. Kellstadt Graduate School of Business, a B.S. in finance from University of South Carolina, Darla Moore School of Business and a B.A. in French from University of South Carolina, Columbia.

Mark Partin has served as our Chief Financial Officer since January 2015 and as our Treasurer since February 2015. Prior to joining us, Mr. Partin served as the Chief Financial Officer for Fiberlink Communications Corporation (now MaaS360, an IBM Company), an Enterprise Mobility Management company from 2005 to 2014. From 1995 to 2005, Mr. Partin served in various senior financial roles for companies such as Headhunter.net, Inc. (now Careerbuilder.com), Contour Medical, Inc. (acquired by Sun Healthcare Group, Inc.), American Health Imaging, and Williams Group International. From 1991 to 1995, Mr. Partin was a CPA and auditor with Arthur Andersen & Co. in Atlanta, Ga. Mr. Partin holds an M.B.A. from Harvard Business School and a B.S. in business administration from the University of Tennessee.

Karole Morgan-Prager has served as our Chief Legal Officer since May 2015 and as our Secretary since August 2015. Prior to joining us, Ms. Morgan-Prager served as General Counsel and Corporate Secretary of McClatchy Company, a newspaper and internet publisher, from July 1995 to May 2015. She was named Vice President of The McClatchy Company in May 1998 and Vice President, Corporate Development in May 2012. From November 1992 to June 1995, Ms. Morgan-Prager served as Associate General Counsel for The Times Mirror Company, a newspaper publishing company that was acquired by Tribune Co. From October 1987 to October 1992, Ms. Morgan-Prager was an Associate with the law firm Morrison & Foerster, working on corporate securities matters. Ms. Morgan-Prager holds a J.D. from the University of California, Los Angeles and a B.A. in Journalism and Political Science from University of Nevada.

Non-Employee Directors

Jason Babcoke has served as a member of our Board of Directors since September 2013. Mr. Babcoke has served as a Managing Director of Sumeru Equity Partners, a private equity firm, since March 2014. Since July 2011, Mr. Babcoke has served as a Principal for Silver Lake Sumeru, a middle-market investment group of Silver Lake, a global private equity firm and one of our Investors. From August 2008 to July 2011, Mr. Babcoke worked at Symphony Technology Group, a private equity firm. From July 2004 to August 2006, Mr. Babcoke served as a Senior Manager for Life Technologies, a biotech company. From February 2001 to March 2004, Mr. Babcoke served as Director of Engineering for Angstron Systems, Inc., a nano-deposition technology company, acquired by Novellus. From July 2000 to January 2001, Mr. Babcoke served as a Venture Capital Associate for The Spark Group, a technology-focused investment group. Mr. Babcoke holds an M.B.A. from Harvard Business School, an M.S. in Management Science and Engineering from Stanford University and a B.S. in Mechanical Engineering from University of California, Berkeley.

We believe that Mr. Babcoke possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his experience in venture capital investing and knowledge of technology companies.

John Brennan has served as a member of our Board of Directors since September 2013. Mr. Brennan cofounded Sumeru Equity Partners, a private equity firm and has served as Managing Director since March 2014. Since February 2008, Mr. Brennan has served as a Managing Director for Silver Lake Sumeru, a middle-market investment group of Silver Lake, a global private equity firm and one of our Investors. From June 2003 to February 2008, Mr. Brennan served as Senior Vice President of Platform Software for Adobe Systems Incorporated, a computer software company. Mr. Brennan served as Senior Vice President of SMB Segment Operations for Hewlett Packard Company, an information technology company, from April 2000 to June 2003 and as Principal and Associate Partner

of Electronics and High-Tech Practice for Accenture Strategic Services, a management consulting, technology services and outsourcing company, from August 1991 to March 1999. Currently, Mr. Brennan serves as a member of the Board of Directors for ForeFlight, LLC, Influence Health, Inc. (formerly Medseek), Talend, and Digital Reasoning Systems, Inc. Mr. Brennan holds an M.B.A. from University of California, Berkeley Haas School of Business and a B.A. in History from Yale University.

We believe that Mr. Brennan possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his experiences in the technology and venture capital industries and service as a Senior Executive for publicly traded technology companies.

William Griffith has served as a member of our Board of Directors since September 2013. Since January 2013, Mr. Griffith has served as a partner of ICONIQ Capital Group, L.P., the parent company of an independent SEC Registered Investment Advisor and one of our Investors. From January 2012 to December 2012, Mr. Griffith was a private investor. From August 2000 to December 2011, Mr. Griffith was employed by Technology Crossover Ventures, a private equity and venture capital firm, and served as a General Partner starting in 2003. Prior to joining Technology Crossover Ventures, Mr. Griffith served as an Associate for Beacon Group Ventures, a private equity firm acquired by JP Morgan Chase & Co. Before joining Beacon Group Ventures, Mr. Griffith served as an Investment Banking Analyst at Morgan Stanley, a financial services company. Currently, Mr. Griffith serves as a Board member for Age of Learning, Inc. From July 2007 to August 2011, Mr. Griffith served as a Board member for Orbitz Worldwide, Inc., a company that operates a website used to research, plan and book travel. Mr. Griffith holds an M.B.A. from Stanford University Graduate School of Business and an A.B. in History and Engineering from Dartmouth College.

We believe that Mr. Griffith possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his experience as an investment professional in the technology industry and service as a Board member for private and publicly traded companies.

Hollie Haynes has served as a member of our Board of Directors since September 2013. Ms. Haynes founded Luminate Capital Partners, a private equity firm, and has served as its Managing Partner since January 2015. Since June 2007, Ms. Haynes has served as Managing Director for Silver Lake Sumeru, a middle-market investment group of Silver Lake, a global private equity firm. Ms. Haynes joined Silver Lake in August 1999. From June 1993 to July 1997, Ms. Haynes served in various analyst roles for Hellman & Friedman, a private equity firm, and Morgan Stanley, an investment bank. Currently, Ms. Haynes serves as a member of the Board of Directors for Influence Health, Inc. (formerly Medseek), Opera Solutions, LLC and Professional Datasolutions, Inc. Ms. Haynes holds an M.B.A. from Stanford University Graduate School of Business and an A.B. in Economics from Harvard University.

We believe that Ms. Haynes possesses specific attributes that qualify her to serve as a member of our Board of Directors, including her experience in the technology and financial industries and service as a board member for privately held companies.

Graham Smith has served as a member of our Board of Directors since May 2015. Mr. Smith served as Executive Vice President of Salesforce, Inc., a provider of customer relationship management software from April 2015 to June 2015. He also served as Salesforce, Inc.'s Executive Vice President, Finance from August 2014 to March 2015, Executive Vice President and Chief Financial Officer from March 2008 to August 2014, and Executive Vice President and Chief Financial Officer Designate from December 2007 to March 2008. From January 2003 to December 2007, Mr. Smith served as Chief Financial Officer of Advent Software, Inc., a provider of portfolio accounting software. Mr. Smith has served as a member of the board of directors for Splunk Inc., a provider of operational intelligence software, since July 2011, MINDBODY, Inc., a provider of software to the wellness industry, since February 2015, Xero, Inc., a provider of online accounting software, since

February 2015 and Citrix Systems, Inc., a provider of workplace software, since December 2015. Mr. Smith holds a B.Sc. in Economics and Politics from University of Bristol in England and is qualified as a chartered accountant in England & Wales.

We believe that Mr. Smith possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his experiences in the software industry and service as an Executive for publicly traded companies.

Thomas Unterman has served as a member of our Board of Directors since 2010. Since September 1999, Mr. Unterman has served as Partner for Rustic Canyon Partners, an early stage venture capital firm, which he founded in September 1999. From August 1992 to December 1999, Mr. Unterman served as Executive Vice President and Chief Financial Officer of The Times Mirror Company, a newspaper publishing company that was acquired by Tribune Co. Currently, Mr. Unterman serves as Chairman of the Board of the California Community Foundation and Westwood Technology Transfer. He is a Trustee of the California State Teachers Retirement System and a Director of several Los Angeles community based non-profit companies. He also serves as a director for several of the Rustic Canyon portfolio companies and Praedicat, a private company whose largest shareholder is Rand Corporation. Mr. Unterman holds a J.D. from University of Chicago and a B.A. from the Woodrow Wilson School of Public Affairs at Princeton University.

We believe that Mr. Unterman possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his substantial experience as an executive officer of a public company, as an investment professional and as a director of private technology companies. We also believe that Mr. Unterman brings historical knowledge and continuity to the board of directors.

Key Employees

Alain Avakian has served as our Chief Technology Officer since March 2014. Prior to joining us, Mr. Avakian served as Chief Technology Officer for Rent.com, Inc. from July 2011 to January 2014. From February 2007 to July 2011, Mr. Avakian served as Head of Technology and Principal Architect for Rent.com, an apartment search website acquired by eBay, Inc. From July 2001 to February 2007, Mr. Avakian served as Principal Architect and Senior Software Engineer for Rent.com, Inc. From December 1992 to May 2001, Mr. Avakian served in various Senior and Lead Architect and Software Engineer roles for Stamps.com Inc., a provider of Internet-based mailing and shipping services, CitySearch, an online city guide that provides information about businesses, Tele-Communications, Inc. (now Comcast), a cable television provider, and Packard Bell, a computer manufacturing subsidiary of Acer, Inc. Mr. Avakian holds a B.S. in computer science and mathematics from California State University, Northridge.

David Downing has served as our Chief Marketing Officer since March 2014. Prior to joining us, Mr. Downing served as Chief Marketing Officer for Zscaler, Inc., a global cloud-based information security company, from March 2013 to November 2013. From May 2008 to March 2013, Mr. Downing served as Chief Marketing Officer and Senior Vice President of NetSuite Inc., a software company. From December 2005 to May 2008, Mr. Downing served as Vice President of Marketing for MetaLINCS, a provider of content search software. From August 2003 to December 2005, Mr. Downing served as Senior Director of Corporate Marketing for SAP Labs, LLC, a researcher and developer of software products. From August 1996 to June 2003, Mr. Downing served as Vice President of Marketing at InQuira, Inc., a provider of knowledge management solutions, Alter Ego Inc., a global Content Delivery Network, and Informatica Corporation, a software company. From September 1994 to August 1996, Mr. Downing served as Director of Public Relations for The Oracle Corporation, a global computer technology company. Mr. Downing holds a B.S. in Public Relations from Boston University.

Max Solonski has served as our Vice President of Information Security from March 2012 to October 2015 and was named Chief Security Officer in October 2015. From November 2010 to March 2012, Mr. Solonski served as Senior Manager of Information Security and Compliance for Mattel, Inc., a multinational toy manufacturing company. From February 2009 to November 2010, Mr. Solonski served as Manager of Global Information Security for Westfield Corporation, one of the world's leading shopping center companies. From April 2006 to January 2009, Mr. Solonski served as Manager of Information Security for Warner Bros. Entertainment Inc., an entertainment company. From April 2002 to April 2006, Mr. Solonski served as Senior Security Analyst for The Walt Disney Company, a multinational mass media and entertainment company.

Mario Spanicciati joined us in 2004 and has served as our Chief Strategy Officer since August 2015. Mr. Spanicciati has served as the Executive Vice President and as a member of our Board of Directors since September 2013. Prior to joining us, Mr. Spanicciati served as an Analyst for Merrill Lynch's Private Banking & Investment Group, a division of Merrill Lynch that offers personalized wealth management products and services from January 2003 to June 2004. Mr. Spanicciati holds a B.S. in Hotel Administration from Cornell University.

We believe that Mr. Spanicciati possesses specific attributes that qualify him to serve as a member of our Board of Directors, including the perspective and experience he brings as our Chief Strategy Officer. We also believe that he brings historical knowledge, operational expertise and continuity to the board of directors.

Board Composition

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of Messrs. Babcoke, Brennan, Griffith, Smith, Spanicciati and Unterman and Mses. Tucker and Haynes. Following the completion of this offering, we expect our board of directors to consist initially of eight directors. Within one year of the effective date of the registration statement, we intend to increase the size of our board of directors by one director and will fill the vacancy with a director who will be elected to serve on our audit committee and who satisfies the enhanced independence standards for audit committee members established by applicable Securities and Exchange Commission, or SEC, rules and the rules of . Pursuant to the Stockholder Agreement described under "Certain Relationships and Related Party Transactions—Transactions in Connection with the Offering—Stockholder Agreement," Silver Lake will be entitled to designate: (i) seven directors of up to a 13 member Board for so long as Silver Lake beneficially owns 35% or more of the total number of shares of our common stock then outstanding; (ii) six directors for so long as Silver Lake beneficially owns at least 25% and less than 35% of the total number of shares of our common stock then outstanding; (iii) three directors for so long as Silver Lake beneficially owns at least 20% and less than 25% of the total number of shares of our common stock then outstanding; (iv) two directors for so long as Silver Lake beneficially owns at least 10% and less than 20% of the total number of shares of our common stock then outstanding; and (v) one director for so long as Silver Lake beneficially owns at least 5% and less than 10% of the total number of shares of our common stock then outstanding. Iconiq will be entitled to designate one director for so long as Iconiq beneficially owns at least 5% of the total number of shares of our common stock then outstanding. In addition, Silver Lake and Iconiq shall be entitled to designate the replacement for any of their respective board designees whose board service terminates prior to the end of the director's term regardless of Silver Lake's or Iconiq's beneficial ownership at such time. In each case, Silver Lake's and Iconiq's nominees must comply with applicable law and stock exchange rules. Ms. Tucker and Mr. Spanicciati will also each be entitled to membership on the Board. In the event that Ms. Tucker or Mr. Spanicciati ceases to be employed by the company for any reason and she or he beneficially owns less than 5% of the total number of shares of our common stock outstanding, she or he will be required to immediately tender

her or his resignation from the Board effective only upon acceptance by the Board. The Board may, in its sole discretion, reject the resignation; provided that at a later date the Board will have the right, by unanimous vote of the other directors (excluding both Ms. Tucker and Mr. Spanicciati), to require such director's resignation from the Board if the Board determines such resignation would be in the best interests of the company. In the event that Ms. Tucker or Mr. Spanicciati ceases to be employed by the company for any reason and she or he beneficially owns more than 5% of the total number of shares of our common stock outstanding, Ms. Tucker or Mr. Spanicciati, as applicable, will have the right to remain on the board for so long as she or he beneficially owns, at each fiscal year end, at least 5% of the total number of shares of our common stock then outstanding; provided that the Board will have the right, by unanimous vote of the other directors (excluding both Ms. Tucker and Mr. Spanicciati), to require such director's resignation from the Board if the Board determines such resignation would be in the best interests of the company. Silver Lake shall also have the right to have one designee serve on the audit committee until a new independent director is elected within one year of the effective date of the registration statement and two designees serve on each of the compensation committee and nominating and corporate governance committee, subject to compliance with applicable law and stock exchange rules, so long as Silver Lake owns at least 15% of the total number of shares of our common stock then outstanding. The Stockholder Agreement will also prohibit us from increasing or decreasing the size of our Board without the prior written consent of Silver Lake so long as Silver Lake owns at least 15% of the total number of shares of our common stock then outstanding. The affiliates of each of the Principal Stockholders will agree to vote their shares in favor of the directors designated as set forth above.

Directors designated by Silver Lake under the Stockholder Agreement are referred to in this prospectus as the "Silver Lake Directors." The initial Silver Lake Directors will be Messrs. Babcoke and Brennan and Ms. Haynes.

As of the closing of this offering, our amended and restated certificate of incorporation and amended and restated bylaws will provide for a classified board of directors consisting of three classes of directors, each serving staggered three-year terms. The terms of the directors will expire upon the election and qualification of successor directors at the annual meeting of stockholders to be held during the years 2017 for the Class I directors, 2018 for the Class II directors, and 2019 for the Class III directors.

- Our Class I directors will be .
- Our Class II directors will be .
- Our Class III directors will be .

Upon expiration of the term of a class of directors, directors for that class will be elected for three-year terms at the annual meeting of stockholders in the year in which that term expires. Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Our board of directors is responsible for, among other things, overseeing the conduct of our business, reviewing and, where appropriate, approving our long-term strategic, financial and organizational goals and plans, and reviewing the performance of our chief executive officer and other members of senior management. Following the end of each year, our board of directors will conduct an annual self-evaluation, which includes a review of any areas in which the board of directors or management believes the board of directors can make a better contribution to our corporate governance, as well as a review of our committee structure and an assessment of the board of

directors' compliance with corporate governance principles. In fulfilling the board of directors' responsibilities, directors have full access to our management and independent advisors.

Director Independence

Upon completion of our initial public offering, we intend to have:

- a majority of our board of directors consisting of independent directors as defined under the rules of ;
- an audit committee consisting of a majority of fully independent directors, as defined under the rules of and Rule 10A-3 of the Exchange Act, and a fully independent audit committee within one year of the effective date of the registration statement;
- a nominating and corporate governance committee consisting of fully independent directors as defined under the rules of ; and
- a compensation committee consisting of fully independent directors as defined under the rules of and Rule 10C-1 of the Exchange Act and also satisfying the definitions of "non-employee" directors within the meaning of Rule 16b-3(b)(3) under the Exchange Act and "outside" directors within the meaning of Section 162(m)(4)(c)(i) of the Code.

Because the Principal Stockholders will own a majority of our outstanding common stock following the completion of this offering, we will be a "controlled company" as that term is set forth in the stock exchange rules and we will be eligible to rely on certain corporate governance exemptions. Although we will qualify as a "controlled company," we do not expect to rely upon these exemptions. Under the stock exchange rules, a "controlled company" may elect not to comply with certain corporate governance requirements, including: (1) the requirement that a majority of our board of directors consist of independent directors, (2) the requirement that our nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (3) the requirement that our compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. Even as a "controlled company," we must comply with the rules applicable to audit committees set forth in the stock exchange rules.

In addition, certain phase-in periods with respect to director independence will be available to us under the stock exchange rules. We do expect to take advantage of certain of these provisions. The phase-in periods allow us to have only one independent member on the audit committee upon the listing date of our common stock, a majority of independent members on the audit committee within 90 days of the effective date of the registration statement and a fully independent audit committee within one year of the effective date of the registration statement. Our audit committee will consist of a majority of independent directors upon the listing date of our common stock and we will have a fully independent audit committee within one year of the effective date of this registration statement.

In , our board of directors undertook a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that each of our directors, other than Ms. Tucker and Mr. Spanicciati, are "independent directors" as defined under the rules of . In addition, our board of directors determined that and , who are members of our audit committee, satisfy the enhanced independence standards for audit committee members established by applicable Securities and Exchange Commission, or SEC, rules and the rules of . Our board of directors has determined that , who are members of our compensation committee, satisfy the enhanced independence standards for compensation committee members established by applicable

SEC rules and the rules of . Our board of directors has determined that , who are members of our nominating and corporate governance committee, satisfy the independence standards for nominating and corporate governance committee members established by applicable SEC ruled and the rules of . In making this determination, our board of directors considered the relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our common stock by each non-employee director.

Board Committees

Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee. Pursuant to the Stockholder Agreement, Silver Lake will have the right to have one designee serve on the audit committee until a new independent director is elected to serve on the audit committee within one year of the effective date of the registration statement. In addition, Silver Lake will have the right to have two designees serve on each of the compensation committee and nominating and corporate governance committee, so long as Silver Lake owns at least 15% of the total number of shares of our common stock then outstanding, subject to compliance with applicable law and stock exchange rules. Each of the committees has the composition and the responsibilities described below.

Audit Committee. Our audit committee oversees our corporate accounting and financial reporting process and assists our board of directors in monitoring our financial systems and our legal and regulatory compliance. Our audit committee will also:

- oversee the work of our independent auditors and our internal control function;
- approve the hiring, discharging and compensation of our independent auditors;
- approve engagements of the independent auditors to render any audit or permissible non-audit services;
- review the qualifications, independence and performance of our independent auditors;
- review the scope of the annual audit;
- review our financial statements and review our critical accounting policies and estimates;
- review the adequacy and effectiveness of our internal controls;
- review and discuss with management and our independent auditors the results of our annual audit, our quarterly financial statements and our publicly filed reports;
- review our risk assessment and risk management processes;
- establish procedures for receiving, retaining and investigating complaints received by us regarding accounting, internal accounting controls or audit matters; and
- review and approve related party transactions under Item 404 of Regulation S-K.

Upon the completion of this offering, our audit committee will consist of , and , with serving as chairperson. is considered an “audit committee financial expert” as defined in Item 407(d)(5) of Regulation S-K promulgated under the Securities Act and all members of the audit committee are financially literate. We believe that our audit committee charter and the functioning of our audit committee comply with the applicable requirements of rules and regulations of the SEC and .

Compensation Committee. Our compensation committee oversees our corporate compensation programs. Our compensation committee will also:

- review and recommend policies relating to compensation and benefits of our officers and employees;
- review and approve corporate goals and objectives relevant to compensation of our chief executive officer and other senior officers;
- evaluate the performance of our officers in light of established goals and objectives;
- recommend compensation of our officers based on its evaluations;
- administer our equity compensation plans; and
- make recommendations regarding non-employee director compensation to the full board of directors.

Upon the completion of this offering, our compensation committee will consist of , and , with serving as the chairperson. We believe that our compensation committee charter and the functioning of our compensation committee comply with the applicable requirements of the rules and regulations of the SEC and .

Nominating and Corporate Governance Committee. Subject to the Stockholder Agreement, our nominating and corporate governance committee will oversee and assist our board of directors in reviewing and recommending nominees for election as directors. Our nominating and corporate governance committee will also:

- evaluate and make recommendations regarding the organization and governance of the board of directors and its committees;
- assess the performance of members of the board of directors and make recommendations regarding committee and chair assignments;
- recommend desired qualifications for board of directors membership and conduct searches for potential members of the board of directors;
- review and make recommendations with regard to our corporate governance guidelines;
- approve our committee charters;
- oversee compliance with our code of business conduct and ethics;
- contribute to succession planning;
- review actual and potential conflicts of interest of our directors and officers other than related party transactions reviewed by our audit committee; and
- oversee the board self-evaluation process.

Upon completion of this offering, our nominating and corporate governance committee will consist of , and , with serving as the chairperson. We believe that the nominating and corporate governance committee charter and the functioning of our nominating and corporate governance committee comply with the applicable requirements of rules and regulations of the SEC and .

Director Compensation

Our employee directors, Ms. Tucker and Mr. Spanicciati, have not received any compensation as directors.

The following table provides information regarding compensation of our non-employee directors for service as directors, for the year ended December 31, 2015. Other than as set forth in the table and described more fully below, in 2015 we did not pay any compensation to any person who served as a non-employee member of our board of directors who is affiliated with our Principal Stockholders or any fees to, reimburse any expense of, make any equity awards or non-equity awards to, or pay any other compensation to any of the other non-employee members of our board of directors.

Name	Fees Earned or Paid in Cash	Option Awards (1)	All Other Compensation	Total
Jason Babcoke	—	—	—	—
John Brennan	—	—	—	—
William Griffith	—	—	—	—
Hollie Haynes	—	—	—	—
Graham Smith	$ 30,640(2)	$ 716,238	—	$746,878
Thomas Unterman	$ 40,000(3)	—	—	$ 40,000

(1) The amounts in the “Option Awards” column reflect the aggregate grant date fair value of stock options granted during the fiscal year computed in accordance with FASB ASC Topic 718. The assumptions that we used to calculate these amounts are discussed in Note 2 to our financial statements included in this prospectus. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.

(2) The amount shown reflects an annual cash retainer for such director’s service as a member of our board of directors and audit committee. Mr. Smith joined the board of directors in May 2015 and therefore, this amount reflects payment for Mr. Smith’s service on the board for part of the year.

(3) The amount shown reflects an annual cash retainer for such director’s service as a member of our board of directors.

The following table lists all outstanding equity awards held by non-employee directors as of December 31, 2015:

Name	Date of Grant	Number of Shares Underlying Options Exercisable	Number of Shares Underlying Options Unexercisable	Option Exercise Price Per Share ($)(1)	Option Expiration Date
Jason Babcoke	—	—	—	—	—
John Brennan	—	—	—	—	—
William Griffith	—	—	—	—	—
Hollie Haynes	—	—	—	—	—
Graham Smith(2)(3)	5/20/2015	—	500,000	$ 2.90	5/19/2025
Thomas Unterman(4)	3/3/2014	125,000	375,000	$ 1.00	3/2/2024

(1) This column represents the fair market value of a share of our common stock on the date of grant as determined by the board of directors.

(2) Mr. Smith joined our board of directors in May 2015.

(3) Twenty-five percent (25%) of the shares (rounded down to the nearest whole number of shares) vests on each of the first four anniversaries of the vesting commencement date (May 20, 2015), subject to continued service with us through each applicable vesting date.

(4) Twenty-five percent (25%) of the shares (rounded down to the nearest whole number of shares) vests on each of the first four anniversaries of the vesting commencement date (March 3, 2014), subject to continued service with us through each applicable vesting date.

Code of Business Conduct and Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers, and directors, including our chief executive officer, chief financial officer and other principal executive and senior financial officers.

Compensation Committee Interlocks and Insider Participation

The members of our compensation committee are , and . is the chairperson of our compensation committee. None of the members of our compensation committee is an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

EXECUTIVE COMPENSATION

2015 Summary Compensation Table

The following table presents information concerning the total compensation of our named executive officers, or NEOs, which consist of our principal executive officer and the next two most highly compensated executive officers, for services rendered to us in all capacities during the year ended December 31, 2015:

Name and Principal Position	Year	Salary ($)	Bonus($)	Option Awards($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)	Total
Therese Tucker Chief Executive Officer	2015	$322,530	—	—	$ 325,000	$ 175	$ 647,705
Mark Partin Chief Financial Officer	2015	$286,351	—	$3,891,736	$ 55,000	$ 10,545	$4,243,632
Karole Morgan-Prager Chief Legal Officer	2015	$179,101	$50,000(3)	$1,424,000	$ 70,000	$ 9,898	$1,732,999

(1) The amounts in these columns represent the aggregate grant date fair value of stock option awards as computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the awards reported in this column are set forth in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.

(2) The amounts in these columns represent annual incentives earned for 2015 under our 2015 Executive Officer Bonus Plan, as described in additional detail below. For Mr. Partin and Ms. Morgan-Prager, these amounts were pro-rated based on the number of full months they were employed by the company in 2015.

(3) Reflects amount paid for a one-time signing bonus.

Non-Equity Incentive Plan Compensation

Each of our NEOs participated in the 2015 Executive Officer Bonus Plan, or the 2015 Bonus Plan, which provided for cash incentives for certain company executives, including our NEOs, for 2015 performance. Target bonuses for the NEOs were based on a percentage of his or her 2015 annual base salary. The 2015 target bonus amounts under the 2015 Bonus Plan for the NEOs were: Ms. Tucker (100%), Mr. Partin (20%), and Ms. Morgan-Prager (40%).

The 2015 Bonus Plan was designed to fund based on company performance, measured by projected net bookings and free cash flow, and, in the case of Mr. Partin and Ms. Morgan-Prager, subject to adjustment based on the NEO's individual contributions to our business. The 2015 Bonus Plan provides that if the free cash flow threshold was achieved, then the 2015 Bonus Plan would fund as to: (a) 50%, if between 80% and 99% of the projected net bookings target was achieved or (b) 100%, if 100% or above of the projected net bookings target was achieved. In addition, for Mr. Partin, the 2015 Bonus Plan provides that if between 100% and 120% of the projected net bookings target was achieved, the 2015 Bonus Plan would pay a 5% increased payout for each 1% of net bookings that was achieved, with a total cap of 200% of his target bonus. Each NEO's bonus payment under the 2015 Bonus Plan was based on the percentage at which the 2015 Bonus Plan funded, and, in the case of Mr. Partin and Ms. Morgan-Prager, subject to adjustment based on the NEO's individual performance.

After the end of 2015, our compensation committee determined that we did not achieve the free cash flow threshold but exercised its discretion to waive this threshold in light of our achievements in net bookings and other of our key financial areas, including revenue growth, in 2015. The compensation committee determined we achieved 100% of our projected net bookings target for 2015, and therefore determined to fund 100% of the 2015 Bonus Plan. After considering the individual performance of Mr. Partin and Ms. Morgan-Prager, our compensation committee did not make any adjustments to their bonus amounts. Each NEO received a bonus payment equal to 100% of his or her 2015 target bonus.

2015 Outstanding Equity Awards at Year-End

The following table presents information concerning all outstanding equity awards held by each of our named executive officers as of December 31, 2015:

Named Executive Officer	Grant Date	Option Awards— Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards— Securities Underlying Unexercised Options (#) Unexercisable	Option Awards— Option Exercise Price ($)(1)	Option Awards— Option Expiration Date
Therese Tucker	—	—	—	—	—
Mark Partin(2)	3/30/2015	—	2,800,884	$ 2.80	3/29/2025
Karole Morgan-Prager(3)	5/30/2015	—	1,000,000	$ 2.90	5/29/2025

(1) This column represents the fair market value of a share of our common stock on the date of grant, as determined by our board of directors.
(2) Twenty-five percent (25%) of the shares (rounded down to the nearest whole number of shares) vest on each of the first four anniversaries of the vesting commencement date (January 20, 2015), subject to continued service with us through each applicable vesting date.
(3) Twenty-five percent (25%) of the shares (rounded down to the nearest whole number of shares) vest on each of the first four anniversaries of the vesting commencement date (May 30, 2015), subject to continued service with us through each applicable vesting date.

Executive Employment Arrangements

Offer Letters

Therese Tucker. Prior to the completion of this offering, we intend to enter into an employment agreement with Therese Tucker, our Chief Executive Officer. Ms. Tucker's current annual base salary is $ and Ms. Tucker's current annual on-target bonus is $.

Mark Partin. Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Mark Partin, our Chief Financial Officer. The confirmatory employment letter will have no specific term and will provide for at-will employment. Mr. Partin's current annual base salary is $ and Mr. Partin's current annual on-target bonus is $.

Karole Morgan-Prager. Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Karole Morgan-Prager, our Chief Legal Officer. The confirmatory employment letter will have no specific term and will provide for at-will employment. Ms. Morgan-Prager's current annual base salary is $ and Ms. Morgan-Prager's current annual on-target bonus is $.

Potential Payments upon Termination or Change in Control

Prior to the completion of this offering, we anticipate adopting arrangements for our executive officers, including our named executive officers, that provide for payments and benefits on termination or change of control.

Employee Benefit and Stock Plans

2016 Equity Incentive Plan

Our board of directors is expected to adopt, and we expect our stockholders will approve, our 2016 Equity Incentive Plan, or the 2016 Plan, prior to the completion of this offering. Subject to board of directors and stockholder approval, the 2016 Plan will be effective immediately prior to the completion of this offering and is not expected to be utilized until after the completion of this offering. Our 2016 Plan will provide for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to our employees and any of our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares to our employees, directors and consultants and our parent and subsidiary corporations' employees and consultants.

Authorized Shares. A total of shares of our common stock will be reserved for issuance pursuant to the 2016 Plan, of which no awards are issued and outstanding. In addition, the shares reserved for issuance under our 2016 Plan will also include (a) those shares reserved but unissued under our 2014 Plan as of the effective date described above and (b) shares returned to our 2014 Plan as the result of expiration or termination of options (provided that the maximum number of shares that may be added to the 2016 Plan pursuant to (a) and (b) is shares).

The number of shares available for issuance under the 2016 Plan will also include an annual increase on the first day of each fiscal year beginning in 2017, equal to the least of:

- shares;
- % of the outstanding shares of common stock as of the last day of our immediately preceding year; or
- such other amount as our board of directors may determine.

Plan Administration. Our compensation committee will administer our 2016 Plan after the completion of this offering. In the case of granting options intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code, the committee will consist of two or more "outside directors" within the meaning of Section 162(m).

Subject to the provisions of our 2016 Plan, the administrator will have the power to determine the terms of the awards, including the exercise price, the number of shares subject to each such award, the exercisability of the awards and the form of consideration, if any, payable upon exercise. The administrator also will have the authority to amend existing awards to reduce their exercise price, to allow participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator and to institute an exchange program by which outstanding awards may be surrendered in exchange for awards with a higher or lower exercise price.

Stock Options. The exercise price of options granted under our 2016 Plan must at least be equal to the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed 10 years, except that with respect to any participant who owns more than 10%

of the voting power of all classes of our outstanding stock, the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. Subject to the provisions of our 2016 Plan, the administrator will determine the term of all other options.

After the termination of service of an employee, director or consultant, he or she may exercise his or her option or stock appreciation right for the period of time stated in his or her award agreement. Generally, if termination is due to death or disability, the option or stock appreciation right will remain exercisable for 12 months. In all other cases, the option or stock appreciation right will generally remain exercisable for three months following the termination of service. However, in no event may an option be exercised later than the expiration of its term.

Stock Appreciation Rights. Stock appreciation rights may be granted under our 2016 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. Subject to the provisions of our 2016 Plan, the administrator will determine the terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

Restricted Stock. Restricted stock may be granted under our 2016 Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted and may impose whatever conditions to vesting it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us). The administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

Restricted Stock Units. Restricted stock units may be granted under our 2016 Plan. Restricted stock units are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. The administrator will determine the terms and conditions of restricted stock units, including the number of units granted, the vesting criteria (which may include accomplishing specified performance criteria or continued service to us), and the form and timing of payment. The administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.

Performance Units and Performance Shares. Performance units and performance shares may be granted under our 2016 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish organizational or individual performance goals in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance units or performance shares. The administrator, in its sole discretion, may pay earned performance units or performance shares in the form of cash, in shares, or in some combination thereof.

Non-Employee Directors. Our 2016 Plan will provide that all non-employee directors will be eligible to receive all types of awards (except for incentive stock options) under the 2016 Plan. In order to provide a maximum limit on the awards that can be made to our outside directors, our 2016 Plan will

provide that in any given year, an outside director (i) will not be granted cash-settled awards having a grant-date fair value greater than $, but that in the fiscal year that an outside director first joins our board of directors, he or she may be granted a cash-settled award with a grant-date fair value of up to $; and (ii) will not be granted stock-settled awards having a grant-date fair value greater than $, but that in the fiscal year that an outside director first joins our board of directors, he or she may be granted stock-settled awards having a grant-date fair value of up to $. The grant-date fair values will be determined according to GAAP. The maximum limits do not reflect the intended size of any potential grants or a commitment to make grants to our outside directors under our 2016 Plan in the future. See the section of this prospectus captioned “Management—Non-Employee Director Compensation.”

Non-Transferability of Awards. Unless the administrator provides otherwise, our 2016 Plan generally will not allow for the transfer of awards, and only the recipient of an award may exercise an award during his or her lifetime.

Merger or Change in Control. Our 2016 Plan will provide that in the event of a merger or change in control, as defined in the 2016 Plan, each outstanding award will be treated as the administrator determines, including that the successor corporation or its parent or subsidiary will assume or substitute an equivalent award for each outstanding award. The administrator will not be required to treat all awards similarly. If there is no assumption or substitution of outstanding awards, the awards will fully vest, all restrictions will lapse, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and the awards will become fully exercisable.

2016 Employee Stock Purchase Plan

Prior to the completion of this offering, our board of directors is expected to adopt, and our stockholders is expected to approve, our 2016 Employee Stock Purchase Plan, or the ESPP. We expect that our ESPP will be effective on the business day immediately prior to the effective date of the registration statement of which this prospectus forms a part. We believe that allowing our employees to participate in our ESPP provides them with a further incentive towards ensuring our success and accomplishing our corporate goals.

Authorized Shares. A total of shares of our common stock will be available for sale under our ESPP. The number of shares of our common stock available for sale under our ESPP will also include an annual increase on the first day of each fiscal year beginning on , equal to the least of (a) shares, (b) of the outstanding shares of our common stock as of the last day of the immediately preceding fiscal year, or (c) such other amount as our board of directors may determine.

Plan Administration. The compensation committee of our board of directors is expected to administer our ESPP and will have full but non-exclusive authority to interpret the terms of our ESPP and determine eligibility to participate, subject to the conditions of our ESPP, as described below.

Eligibility. Generally, all of our employees will be eligible to participate if they are employed by us, or any participating subsidiary, for at least 20 hours per week and more than five months in any calendar year. However, an employee may not be granted rights to purchase shares of our common stock under our ESPP if such employee: (a) immediately after the grant would own capital stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock; or (b) holds rights to purchase shares of our common stock under all of our employee stock purchase plans that accrue at a rate that exceeds $25,000 worth of shares of our common stock for each calendar year.

Offering Periods. Our ESPP will include a component that allows us to make offerings intended to qualify under Section 423 of the Code and a component that allows us to make offerings not intended to qualify under Section 423 of the Code to participants of designated companies, as described in our ESPP. Our ESPP will provide for month offering periods. The offering periods will be scheduled to start on the first trading day on or after and of each year, except for the first offering period, which will commence on the effectiveness of this Registration Statement and will end on the first trading day on or after . Each offering period will include purchase periods, which will be the approximately -month period commencing with one exercise date and ending with the next exercise date.

Contributions. Our ESPP will permit participants to purchase shares of our common stock through payroll deductions of up to % of their eligible compensation. A participant will be able to purchase a maximum of shares of our common stock during a purchase period.

Exercise of Purchase Right. Amounts deducted and accumulated by the participant will be used to purchase shares of our common stock at the end of each -month purchase period. The purchase price of the shares will be % of the lower of the fair market value of our common stock on the first trading day of each offering period or on the exercise date. Participants will be able to end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of our common stock. Participation will end automatically upon termination of employment with us.

Non-Transferability. A participant will not be able to transfer rights granted under our ESPP. If our compensation committee permits the transfer of rights, it may only be done by will, the laws of descent and distribution or as otherwise provided under our ESPP.

Merger or Change in Control. Our ESPP will provide that in the event of a merger or change in control, as defined under our ESPP, a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period then in progress will be shortened, and a new exercise date will be set. The administrator will notify each participant that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

2014 Equity Incentive Plan

Our board of directors adopted and our stockholders approved our 2014 Equity Incentive Plan, or 2014 Plan, in March 2014, which was most recently amended in December 2015. Our 2014 Plan permits the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to our employees and any of our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock awards, and restricted stock units to our employees, directors, and consultants and our parent and subsidiary corporations' employees and consultants. As of the effectiveness of our 2016 Plan, the 2014 Plan will terminate and we will not grant any additional awards under the 2014 Plan. However, the 2014 Plan will continue to govern the terms and conditions of the outstanding awards previously granted thereunder.

Authorized Shares. The maximum aggregate number of shares issuable under the 2014 Plan was 32,007,310 shares of our common stock. As of September 30, 2015, options to purchase 28,988,384 shares of our common stock were outstanding under our 2014 Plan.

Plan Administration. The 2014 Plan is administered by our board of directors or a committee or committees appointed by our board of directors (referred to as the "administrator").

Subject to the provisions of the 2014 Plan, the administrator has the power to: (i) construe and interpret the 2014 Plan and the awards granted thereunder and to establish, amend, and revoke rules and regulations for administration of the 2014 Plan, (ii) settle all controversies regarding the 2014 Plan and awards granted thereunder, (iii) accelerate the time at which an award first vests or may be exercised, (iv) amend the 2014 Plan in any respect the administrator deems necessary or advisable, (v) exercise such powers and perform such acts as the administrator deems necessary or expedient to promote our best interests, and (vi) to effect, with the consent of any adversely affected participant, (a) the reduction of the exercise price of any outstanding option, (b) the cancellation of any outstanding option in substitution therefor of another equity award under another of our equity plans, cash, or other valuable consideration, or (c) any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options. The administrator had the power to grant incentive and nonstatutory stock options under our 2014 Plan. The term of an option could not exceed ten years from the date of grant or such shorter term indicated in the stock option award agreement. The exercise price per share of stock options granted under the 2014 Plan had to equal at least 100% of the fair market value per share of our common stock on the date of grant, provided that an option could have been granted with an exercise price lower than 100% of the fair market value per share of our common stock on the date of grant if such option was granted pursuant to an assumption or substitution of another option pursuant to a change in control and in a manner compliant with applicable law.

Except as otherwise provided in the stock award agreement, in the event a participant's service terminates (other than for cause or the participant's death or disability),the participant may exercise his or her option, to the extent vested as of the date of such termination, for 60 days following the date of termination (or such longer or shorter period of time, as provided in the stock award agreement, provided that this period may not be less than 30 days). Generally, if termination is due to participant's disability or death (or, if specified in the stock option agreement, participant dies following termination and during a period of time set forth in the stock option agreement), the option will remain exercisable, to the extent vested as of the date of such termination, for 6 months or such longer period of time as specified in the option agreement.

Unless otherwise provided in the stock option agreement, if the exercise of an option following the termination of a participant's service (other than due to participant's death or disability) would be prohibited solely because the issuance of shares would violate the registration requirements under the Securities Act of 1933, as amended, then the participant may exercise his or her option for three months after the termination of participant's service during which the exercise of such option would not be in violation of such registration requirements. Further, unless otherwise provided in an option agreement, if the sale of shares received upon exercise of an option following the termination of a participant's service would violate our insider trading policy, then the option will terminate on the expiration of a period equal to the applicable post-termination exercise period after the termination of the participant's service during which the exercise of the option would not be in violation of our insider trading policy. However, in no event may an option be exercised later than the expiration of its term.

If a participant's service terminates for cause, then, except as explicitly provided otherwise in the applicable option agreement or other agreement between us and the participant, the option will terminate upon the termination date of such service and the participant will be prohibited from exercising his or her option from and after the time of such termination of service.

Transferability of Awards. Our 2014 Plan generally provides that awards granted thereunder are not transferable except by will or the laws of descent and distribution and may be exercised by the award recipient during the award recipient's lifetime.

Certain Adjustments. In the event of certain changes in our capitalization, our board of directors will appropriately and proportionally adjust the classes and number of securities and price per share of shares subject to outstanding awards. In the event of our proposed dissolution or liquidation, all unvested awards will terminate immediately prior to the completion of such transaction.

Change in Control. Our 2014 Plan provides that in the event of a change in control (as defined in the 2014 Plan), unless otherwise provided in an individual award agreement, our board of directors may take one or more of the following actions: (i) arrange for the surviving or acquiring entity to assume, continue, or substitute for the award; (ii) accelerate the vesting, in whole or part, of the award, with such award terminating if not exercised prior to the effective time of the change in control; (iii) cancel the award in exchange for such cash consideration, if any, as our board may consider appropriate; or (iv) make a payment, in such form as may be determined by our board of directors, equal to the excess, if any, of (a) the value of the property the holder of the award would have received upon the exercise of the award over (b) any exercise price payable by such holder in connection with such exercise. The administrator is not obligated to treat all awards similarly in the transaction.

Amendment or Termination. Our board of directors may amend the 2014 Plan at any time. As noted above, in connection with this offering, the 2014 Plan will terminate and no further awards will be granted thereunder. All outstanding options will continue to be governed by their existing terms.

Executive Incentive Compensation Plan

Our board of directors is expected to adopt an Executive Incentive Compensation Plan, which we refer to as our Bonus Plan. Our Bonus Plan will allow our compensation committee to provide cash incentive awards to selected employees, including our named executive officers, based upon performance goals established by our compensation committee. Pursuant to the Bonus Plan, our compensation committee, in its sole discretion, will establish a target award for each participant and a bonus pool, with actual awards payable from such bonus pool, with respect to the applicable performance period.

Under the Bonus Plan, our compensation committee, in its sole discretion, will determine the performance goals applicable to awards, which goals may include, without limitation: [attainment of research and development milestones, bookings, business divestitures and acquisitions, cash flow, cash position, contract awards or backlog, customer renewals, customer retention rates from an acquired company, subsidiary, business unit or division, earnings (which may include earnings before interest and taxes, earnings before taxes, and net taxes), earnings per share, expenses, gross margin, growth in stockholder value relative to the moving average of the S&P 500 Index or another index, internal rate of return, market share, net income, net profit, net sales, new product development, new product invention or innovation, number of customers, operating cash flow, operating expenses, operating income, operating margin, overhead or other expense reduction, product defect measures, product release timelines, productivity, profit, retained earnings, return on assets, return on capital, return on equity, return on investment, return on sales, revenue, revenue growth, sales results, sales growth, stock price, time to market, total stockholder return, working capital and individual objectives such as peer reviews or other subjective or objective criteria. As determined by our compensation committee, performance goals that include our financial results may be determined in accordance with GAAP, or such financial results may consist of non-GAAP financial measures and any actual results may be adjusted by our compensation committee for one-time items or unbudgeted or unexpected items and/or payments when determining whether the performance goals have been met. The goals may be on the basis of any factors our compensation committee determines relevant, and may be on an individual, divisional, business unit or company-wide basis. The performance goals may differ from participant to participant and from award to award.

Our compensation committee may, in its sole discretion and at any time, increase, reduce or eliminate a participant's actual award, or increase, reduce or eliminate the amount allocated to the bonus pool for a particular performance period. The actual award may be below, at or above a participant's target award, in our compensation committee's discretion. Our compensation committee may determine the amount of any reduction on the basis of such factors as it deems relevant, and it will not be required to establish any allocation or weighting with respect to the factors it considers.

Actual awards will be paid in cash (or its equivalent) in a single lump sum as soon as practicable after the end of the performance period during which they are earned and after they are approved by our compensation committee, but in no event later than the 15th day of the third month of the fiscal year following the date the award has been earned. Unless otherwise determined by our compensation committee, to earn an actual award, a participant must be employed by us (or an affiliate of ours) through the date the bonus is paid. Accordingly, an award is not considered earned until paid.

Our board of directors, in its sole discretion, may alter, suspend or terminate the Bonus Plan, provided such action does not, without the consent of the participant, alter or impair the rights or obligations under any award theretofore earned by such participant.

401(k) Plan

We maintain a tax-qualified retirement plan, or the 401(k) plan, that provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. Eligible employees are able to participate in the 401(k) plan as of the first day of the month following the date they meet the 401(k) plan's eligibility requirements, and participants are able to defer up to 100% of their eligible compensation subject to applicable annual Code limits. All participants' interests in their deferrals are 100% vested when contributed. The 401(k) plan permits us to make matching contributions and profit sharing contributions to eligible participants. In 2015, we paid discretionary matching contributions that vest over a 3-year period.

Limitation on Liability and Indemnification Matters

Our amended and restated certificate of incorporation and amended and restated bylaws, each to be effective upon the completion of this offering, will provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by the Delaware General Corporation Law, which prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our amended and restated certificate of incorporation does not eliminate a director's duty of care and in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our amended and restated bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification required in our amended and restated certificate of incorporation and amended and restated bylaws, we plan to enter into indemnification agreements with each of our current directors, officers, and certain employees before the completion of this offering. These agreements will provide indemnification for certain expenses and liabilities incurred in connection with any action, suit, proceeding, or alternative dispute resolution mechanism, or hearing, inquiry, or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent, or fiduciary of our company, or any of our subsidiaries, by reason of any action or inaction by them while serving as an officer, director, employee, agent, or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent, or fiduciary of another entity. In the case of an action or proceeding by, or in the right of, our company or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as we may provide indemnification for liabilities arising under the Securities Act to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a summary of transactions since January 1, 2012 to which we have been a participant in which the amount involved exceeded or will exceed $120,000, and in which any of our then directors, executive officers or holders of more than 5% of any class of our common stock at the time of such transaction, or any members of their immediate family, had or will have a direct or indirect material interest.

Transactions in Connection with the Offering

In connection with the consummation of this offering, we will enter into the following agreements:

Stockholder Agreement

Prior to the consummation of this offering, we will enter into a Stockholder Agreement with our Principal Stockholders, or the Stockholder Agreement. The Stockholder Agreement will contain specific rights, obligations and agreements of these parties as owners of our common stock. In addition, the Stockholder Agreement will contain provisions related to the composition of our board of directors and its committees, which are discussed under “Management—Board Composition” and “Management—Board Committees.”

Voting Agreement. Under the Stockholder Agreement, our Principal Stockholders will agree to take all necessary action, including casting all votes to which such existing owners are entitled to cast at any annual or special meeting of stockholders, so as to ensure that the composition of our board of directors and its committees complies with (and includes all of the nominees in accordance with) the provisions of the Stockholder Agreement related to the composition of our board of directors and its committees, which are discussed under “Management—Board Composition” and “Management—Board Committees.”

Silver Lake Approvals. Under the Stockholder Agreement and subject to our certificate of incorporation and bylaws, as amended and restated in connection with this offering, and applicable law, for so long as the Principal Stockholders collectively beneficially own a number of shares equal to 40% of the total number of shares of our common stock outstanding after completion of this offering, as adjusted for any reorganization, recapitalization, stock dividend, stock split, reverse stock split or similar changes in the Company’s capitalization, the following actions will require the approval of our Board, including the affirmative vote of at least two Silver Lake directors:

- dissolution, liquidation, reorganization or bankruptcy of the company or its subsidiaries;
- certain dispositions of assets or joint ventures in excess of $50 million by the company or its subsidiaries;
- material changes in the nature of the company’s or its subsidiaries’ business;
- any amendments to the Company’s amended and restated certificate of incorporation and amended and restated bylaws;
- incurrence of indebtedness in excess of $150 million;
- appointment or termination of the Chief Executive Officer; and
- change of control transactions.

Transfer Restrictions. Under the Stockholder Agreement, each of Iconiq, Ms. Tucker and Mr. Spanicciati will agree, subject to certain limited exceptions, not to transfer, sell, exchange, assign, pledge, hypothecate, convey or otherwise dispose of or encumber any shares of our common stock

without the consent of Silver Lake until the earlier of (i) two years following the completion of this offering and (ii) Silver Lake's reduction of its holdings of common stock immediately following this offering by 50%; provided, however, that Ms. Tucker and Mr. Spanicciati will each have the right to sell a number of shares equal to up to 1% of the total outstanding shares of our common stock annually pursuant to Rule 144 of the Securities Act.

Drag Along Right. If Silver Lake approves a change of control transaction, each of Iconiq, Ms. Tucker and Mr. Spanicciati will be required to vote in favor of and not oppose such transaction and, if structured as a sale of shares, sell its shares to a prospective buyer on the same terms that are applicable to Silver Lake. This drag along right will terminate upon the earlier to occur of (i) a change of control transaction and (ii) Silver Lake's beneficially owning less than 10% of our common stock then outstanding, in either case unless terminated earlier by Silver Lake.

Registration Rights Agreement

Prior to the consummation of this offering, we will enter into a registration rights agreement with the Principal Stockholders pursuant to which such holders will be entitled to rights with respect to the registration of their shares under the Securities Act. We will pay the registration expenses (other than underwriting discounts and commissions and stock transfer taxes) of the holders of the shares registered pursuant to the registrations described below.

At the completion of this offering, Silver Lake will be entitled to certain S-1 and S-3 registration rights on one or more occasions. Beginning one year following the completion of this offering, Iconiq will be entitled to certain S-3 registration rights on one or more occasions. Beginning two years following the completion of this offering, Ms. Tucker and Mr. Spanicciati will also be entitled to certain S-3 registration rights on one or more occasions. In addition, if we or a Principal Stockholder proposes to register the offer and sale of our capital stock under the Securities Act, the other Principal Stockholders will be entitled to certain "piggyback" registration rights allowing the holders to include their shares in such registration, subject to certain marketing and other limitations set forth in the registration rights agreement.

The registration rights described above apply to (i) shares of our common stock held by our Principal Stockholders and their respective affiliates, and (ii) any of our capital stock (or that of our subsidiaries) issued or issuable with respect to the common stock described in clause (i) with respect to any dividend, distribution, recapitalization, reorganization, or certain other corporate transactions ("Registrable Securities"). These registration rights are also for the benefit of any subsequent holder of Registrable Securities; provided that any particular securities will cease to be Registrable Securities when they have been sold in a registered public offering, sold in compliance with Rule 144 of the Securities Act or repurchased by us or our subsidiaries. In addition, with the consent of the company and holders of a majority of Registrable Securities, any Registrable Securities held by a person other than Silver Lake and its affiliates will cease to be Registrable Securities if they can be sold without limitation under Rule 144 of the Securities Act.

Acquisition of BlackLine Systems, Inc.

On September 3, 2013, we acquired BlackLine Systems, Inc. and our Investors obtained a controlling interest in us. In connection with the Acquisition, we issued and sold an aggregate of 141,325,000 shares of our common stock to our Investors at $1.00 per share, for aggregate gross cash proceeds of $141,325,000. We sold an additional 2,225,000 shares to two investors at $1.00 per share, for aggregate gross cash proceeds of $2,225,000 and issued an aggregate of 56,450,000 shares of our common stock to sixteen stockholders in exchange for all the issued and outstanding shares of BlackLine Systems, Inc.

Additionally, in connection with the consummation of the Acquisition, we entered into a number of agreements that are described below. With respect to a number of the agreements, the approximate dollar value of the related person's interest in the particular agreement is not determinable. The agreements are described below because they are part of a series of transactions entered into between us and our Investors and our founders and their respective affiliates. In connection with the consummation of our acquisition by our Investors, we entered into the following agreements:

Stockholders Agreement

On September 3, 2013, we entered into a stockholders agreement with certain holders of our common stock, including our Principal Stockholders, which contains specific rights, obligations and agreements of these parties as owners of our stock. This agreement will terminate upon completion of this offering.

Registration Rights Agreement

On September 3, 2013, we entered into a registration rights agreement with certain holders of our common stock, including our Principal Stockholders, which will be terminated in connection with the completion of this offering. Pursuant to the registration rights agreement we have agreed to register the sale of these shares of our common stock under certain circumstances.

Contribution and Exchange Agreements

In connection with the Acquisition, we entered into Contribution and Exchange Agreements pursuant to which we issued shares of our common stock in exchange for all of the issued and outstanding shares of common stock of BlackLine Systems, Inc., which shares were cancelled as of September 3, 2013.

Restrictive Covenant Agreements

On August 8, 2013, we entered into a restrictive covenant agreement with Ms. Tucker, and on August 9, 2013, we entered into a restrictive covenant agreement with Mr. Spanicciati, pursuant to which each of Ms. Tucker and Mr. Spanicciati agreed to refrain from engaging or having any interest in any business or person that competes with our business or soliciting any of our service providers to terminate or reduce their relationship with us. Each of the restrictive covenant agreements will expire in September 2018.

Notes with Related Parties

Thomas Unterman Loans

On October 16, 2012, we entered into a promissory note with Mr. Unterman in the principal amount of $150,000, having a five year term and bearing an interest rate of 2.28% per annum. On January 21, 2013, we entered into a promissory note with Mr. Unterman in the principal amount of $50,000, having a five year term and bearing interest of 2.29% per annum. On April 3, 2013, we entered into a promissory note with Mr. Unterman in the principal amount of $232,500 having a five year term and bearing an interest rate of 2.29% per annum. Mr. Unterman executed these notes in connection with the exercise of his stock options. The outstanding principal and interest on each of the notes was settled in full upon consummation of the Acquisition.

Mario Spanicciati Loan

On June 12, 2012, we entered into a promissory note with Mr. Spanicciati in the principal amount of $50,000, having a five year term and bearing an interest rate of 2.64% per annum. Mr. Spanicciati executed this note in connection with the exercise of his stock options. The outstanding principal and interest on the note was fully paid upon consummation of the Acquisition.

Therese Tucker Promissory Note

On May 17, 2004, we entered into a promissory note in favor of Ms. Tucker in the principal amount of $1.0 million and bearing an interest rate per annum of 1% over the prime rate. We repaid the outstanding principal and related interest on this note on September 3, 2013 in connection with the Acquisition.

Silver Lake Unsecured Subordinated Promissory Notes

On September 3, 2013 we entered into convertible subordinated promissory notes with Silver Lake for an aggregate principal amount of $20,000,000 and bearing an interest rate of 0.25%. We repaid the outstanding principal and related interest on these notes in September 2013.

Stock Subscription Agreement

On October 21, 2014, we entered into a stock subscription agreement with Iconiq pursuant to which we issued 1,785,714 shares of our common stock to Iconiq at $2.80 per share, for aggregate gross cash proceeds of $5,000,000.

Employment Arrangement

Isaac Tucker, who is the son of Therese Tucker, our Chief Executive Officer, has been employed in a non-executive capacity by us since 2006. His 2013, 2014 and 2015 total compensation, which is comprised of a base salary, bonus, equity and commissions, as applicable, was $190,916, $424,436, and $282,920, respectively, and was in line with similar roles at the company.

Indemnification of Officers and Directors

We plan to enter into indemnification agreements with each of our directors and executive officers in connection with this offering. The indemnification agreements and our amended and restated certificate of incorporation and restated bylaws to be in effect immediately prior to the completion of this offering will require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. See “Executive Compensation—Limitation on Liability and Indemnification Matters.”

Certain Relationships

From time to time, we do business with other companies affiliated with our Investors. We believe that all such arrangements have been entered into in the ordinary course of business and have been conducted on an arms-length basis.

Policies and Procedures for Related Party Transactions

Our amended and restated audit committee charter will be effective when we complete this offering. The charter states that our audit committee is responsible for reviewing and approving in

advance any related party transaction. All of our directors, officers and employees are required to report to the audit committee prior to entering into any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we are to be a participant, the amount involved exceeds $120,000 and a related person had or will have a direct or indirect material interest, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees or indebtedness and employment by us of a related person. Our full board of directors has reviewed and approved our related party transactions.

We believe that we have executed all the transactions described above on terms no less favorable to us than we could have obtained from unaffiliated third parties. It is our intention to ensure that all future transactions between us and our officers, directors and Principal Stockholders and their affiliates, are approved by the audit committee of our board of directors, and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of September 30, 2015, and as adjusted to reflect the shares of common stock to be issued and sold in the offering assuming no exercise of the underwriters' option to purchase additional shares from us in the offering, by:

- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all executive officers and directors as a group.

Applicable percentage ownership is based on 203,295,765 shares of our common stock outstanding at September 30, 2015. Shares of common stock subject to options currently exercisable or exercisable within 60 days of September 30, 2015 are deemed to be outstanding and beneficially owned by the person holding the options for the purpose of computing the percentage of beneficial ownership of that person and any group of which that person is a member, but are not deemed outstanding for the purpose of computing the percentage of beneficial ownership for any other person.

Unless otherwise indicated in the footnotes below, each stockholder named in the following table possesses sole voting and investment power over the shares listed. The information does not necessarily indicate beneficial ownership for any other purpose. Unless otherwise noted below, the address of each person listed on the table is c/o BlackLine, Inc., 21300 Victory Boulevard, 12th Floor, Woodland Hills, CA 91367.

	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering	
Name and Address of Beneficial Owner	Shares	Percentage	Shares	Percentage
5% Stockholders:				
Funds affiliated with Silver Lake(1)	95,967,857	47.2%		
Funds affiliated with ICONIQ(2)	47,142,857	23.2%		
Named Executive Officers and Directors:				
Jason Babcoke(3)	—	—		
John Brennan(4)	—	—		
William Griffith(5)	—	—		
Hollie Haynes(6)	—	—		
Karole Morgan-Prager	—	—		
Chris Murphy(7)	625,000	*		
Mark Partin	—	—		
Graham Smith	—	—		
Mario Spanicciati	22,125,000	10.9%		
Therese Tucker	31,860,000	15.7%		
Thomas Unterman(8)	625,000	*		
All Directors and Executive Officers as a Group (12 Persons)	55,235,000	27.1%		

(*) Represents beneficial ownership of less than 1%.

(1) Includes 95,118,445 shares held by Silver Lake Sumeru Fund, L.P. (“SLS”), a Delaware limited partnership, and 849,412 shares held by Silver Lake Technology Investors Sumeru, L.P. (“SLTI”), a Delaware limited partnership (collectively, the “Silver Lake Shares”). Silver Lake Technology Associates Sumeru, L.P. (the “Lower GP”), a Delaware limited partnership, is the general partner of each of SLS and SLTI. SLTA Sumeru (GP), L.L.C. (the “Upper GP”), a Delaware limited liability company, is the general partner of the Lower GP. Silver Lake Group, L.L.C. (“SLG”), a Delaware limited liability company, is the managing member of the Upper GP. The managing members of SLG are Michael Bingle, James Davidson, Egon Durban, Kenneth Hao and Greg Mondre (collectively, the “Managing Members”). Each of the Lower GP, the Upper GP, SLG and the Managing Members disclaims beneficial ownership of the Silver Lake Shares directly held by SLS and SLTI, except to the extent of any pecuniary interest therein. The address for Messrs. Bingle and Mondre is c/o Silver Lake, 9 West 57th Street, 32nd Floor, New York, NY 10019. The address for Messrs. Davidson, Durban and Hao, SLS, SLTI, the Lower GP, the Upper GP and SLG is c/o Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.

(2) Includes 28,537,626 shares held by ICONIQ Strategic Partners, L.P. (“ICONIQ”), 7,162,374 shares held by ICONIQ Strategic Partners-B, L.P. (“ICONIQ B”), 10,000,000 shares held by ICONIQ Strategic Partners Co-Invest, L.P., BL Series (“ICONIQ BL”) and 1,442,857 shares held by ICONIQ Strategic Partners Co-Invest, L.P., BL 2 Series (“ICONIQ BL2”) (collectively, the “ICONIQ Shares”). Iconiq Strategic Partners GP, L.P. (the “ICONIQ GP”), is the general partner of each of ICONIQ, ICONIQ B, ICONIQ BL and ICONIQ BL2. ICONIQ Strategic Partners TT GP, Ltd. (the “ICONIQ Parent GP”) is the general partner of the ICONIQ GP. Divesh Makan and William Griffith (collectively, the “Managing Holders”) are the sole equity holders and directors of the ICONIQ Parent GP. Each of the ICONIQ GP, the ICONIQ Parent GP, and the Managing Holders disclaims beneficial ownership of the ICONIQ Shares directly held by ICONIQ, ICONIQ B, ICONIQ BL, and ICONIQ BL2, except to the extent of any pecuniary interest therein. The addresses of each of the entities and individuals listed in this footnote are c/o ICONIQ Strategic Partners, 394 Pacific Avenue, 2nd Floor, San Francisco, CA 94111.

(3) Mr. Babcoke, who is one of our directors, is a Principal of Silver Lake. Mr. Babcoke has no voting or investment power over, and disclaims beneficial ownership of, the Silver Lake Shares. The address for Mr. Babcoke is c/o Silver Lake Sumeru, 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.

(4) Mr. Brennan, who is one of our directors, is a Managing Director of Silver Lake. Mr. Brennan has no voting or investment power over, and disclaims beneficial ownership of, the Silver Lake Shares. The address for Mr. Brennan is c/o Silver Lake Sumeru, 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.

(5) Mr. Griffith, who is one of our directors, is a Partner of ICONIQ. Mr. Griffith has no voting or investment power over, and disclaims beneficial ownership of, the ICONIQ Shares. The address for Mr. Griffith is c/o ICONIQ Strategic Partners, 394 Pacific Avenue, 2nd Floor, San Francisco, CA 94111.

(6) Ms. Haynes, who is one of our directors, is a Managing Director of Silver Lake. Ms. Haynes has no voting or investment power over, and disclaims beneficial ownership of, the Silver Lake Shares. The address for Ms. Haynes is c/o Silver Lake Sumeru, 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.

(7) Includes 625,000 options that are currently exercisable for shares of common stock.

(8) Includes 125,000 options that are currently exercisable for shares of common stock.

DESCRIPTION OF CAPITAL STOCK

The following description summarizes the material terms of our capital stock. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of our capital stock, you should refer to our amended and restated certificate of incorporation and our amended and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the provisions of applicable Delaware law.

Immediately following the closing of this offering, our authorized capital stock will consist of shares of common stock, $0.01 par value. As of September 30, 2015, there were 203,295,765 shares of our common stock issued and outstanding held of record by 59 stockholders.

Common Stock

Voting Rights

Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Under our amended and restated certificate of incorporation and bylaws, our stockholders will not have cumulative voting rights. Because of this, the holders of a majority of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose.

Dividends

Holders of common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities.

Rights and Preferences

Holders of shares of common stock have no preemptive, conversion or subscription rights and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of shares of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Preferred Stock

No shares of our preferred stock are currently outstanding. Under our amended and restated certificate of incorporation, our board of directors, without further action by our stockholders, is authorized to issue shares of preferred stock in one or more classes or series. The board may fix or alter the rights, preferences and privileges of the preferred stock, along with any limitations or restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of each class or series of preferred stock. The preferred stock could have voting or conversion rights that could adversely affect the voting power or other rights of holders of our common stock. The issuance of preferred stock could also have the effect, under certain circumstances, of delaying, deferring or preventing a change of control of our company. We currently have no plans to issue any shares of preferred stock.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation and our amended and restated bylaws will contain certain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Classified Board

Our amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes of directors, with the classes as nearly equal in number as possible, and with the directors serving three-year terms. As a result, approximately one-third of our board will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board. Our amended and restated certificate of incorporation will also provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed exclusively pursuant to a resolution adopted by our board. Upon completion of this offering, we expect that our board of directors will have eight members.

Stockholder Action by Written Consent

Our amended and restated certificate of incorporation will preclude stockholder action by written consent at any time when the Principal Stockholders beneficially own, in the aggregate, less than 35% of the total number of shares of our common stock then outstanding.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, except as required by law, special meetings of our stockholders may be called at any time only by or at the direction of our board or the chairman of our board; provided, however, at any time when the Principal Stockholders beneficially own, in the aggregate, at least 35% of the total number of shares of our common stock then outstanding, special meetings of our stockholders will also be called by our board or the chairman of our board at the request of Silver Lake or Ms. Tucker. Our amended and restated bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of the company.

Advance Notice Procedures

Our amended and restated bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board; provided, however, such advance notice procedures will not apply to a Principal Stockholder at any time when such Principal Stockholder beneficially owns at least 10% of the total number of shares of our common stock then outstanding. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although the amended and restated bylaws will not give our board the power to approve or disapprove stockholder nominations of candidates or proposals regarding other

business to be conducted at a special or annual meeting, the bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company. These provisions do not apply to nominations by Silver Lake pursuant to the Stockholders Agreement.

Removal of Directors; Vacancies

Our amended and restated certificate of incorporation will provide that directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class; provided, however, at any time when the Principal Stockholders beneficially own, in the aggregate, less than 40% of the total number of shares of our common stock then outstanding, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class. In connection with votes for removal, the parties to the Stockholder Agreement will agree to vote their shares in accordance with the board composition requirements in such agreement and the wishes of the party which designated a director regarding removal of such director. Any newly created directorships that result in a vacancy on the board will be filled by Silver Lake if Silver Lake is entitled to fill the vacancy pursuant to the Stockholder Agreement. In the event that Silver Lake is not entitled to, or chooses not to, fill the vacancy, then such vacancy may only be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director (and not by the stockholders), upon the recommendation of the nominating and corporate governance committee. In addition, in the event that Ms. Tucker or Mr. Spanicciati ceases to be employed by the company for any reason and she or he beneficially owns less than 5% of the total number of shares of our common stock outstanding, she or he will be required to immediately tender her or his resignation from the Board effective only upon acceptance by the Board. The Board may, in its sole discretion, reject the resignation; provided that at a later date the Board will have the right, by unanimous vote of the other directors (excluding both Ms. Tucker and Mr. Spanicciati), to require such director's resignation from the Board if the Board determines such resignation would be in the best interests of the company. In the event that Ms. Tucker or Mr. Spanicciati ceases to be employed by the company for any reason and she or he beneficially owns more than 5% of the total number of shares of our common stock outstanding, Ms. Tucker or Mr. Spanicciati, as applicable, will have the right to remain on the board for so long as she or he beneficially owns, at each fiscal year end, at least 5% of the total number of shares of our common stock then outstanding; provided that the Board will have the right, by unanimous vote of the other directors (excluding both Ms. Tucker and Mr. Spanicciati), to require such director's resignation from the Board if the Board determines such resignation would be in the best interests of the company.

Supermajority Approval Requirements

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our board is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, our bylaws without a stockholder vote in any matter not inconsistent with the laws of the State of Delaware and our certificate of incorporation. For as long as the Principal Stockholders beneficially own, in the aggregate, at least 40% of the total number of shares of our common stock then outstanding, any amendment, alteration, rescission or repeal of our amended and restated bylaws by our stockholders will require the affirmative vote of 60% of the total number of shares of our common stock then outstanding. At any time when the Principal Stockholders beneficially own, in the aggregate, less than 40% of the total number of shares of our common stock then outstanding, any amendment, alteration, rescission or repeal of our amended and restated bylaws by our stockholders will require the affirmative vote of the holders of at least 75% of the total number of shares of our common stock then outstanding.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

Our certificate of incorporation will provide that at any time when the Principal Stockholders beneficially own, in the aggregate, less than 40% of the total number of shares of our common stock then outstanding, the following provisions in our certificate of incorporation may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least 75% (as opposed to a 60% threshold that will apply if the Principal Stockholders beneficially beneficially own, in the aggregate, 40% or more) of the total number of shares of our common stock then outstanding:

- the provisions providing for a classified board of directors (the election and term of our directors);
- the provisions regarding resignation and removal of directors;
- the provisions regarding competition and corporate opportunity;
- the provisions regarding entering into business combinations with interested stockholders;
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;
- the provisions regarding filling vacancies on our board and newly created directorships;
- the provisions eliminating monetary damages for breaches of fiduciary duty by a director; and
- the amendment provision requiring that the above provisions be amended only with a 75% supermajority vote.

The combination of the classification of our board, the lack of cumulative voting and the supermajority voting requirements will make it more difficult for our existing stockholders to replace our board as well as for another party to obtain control of us by replacing our board. Because our board has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval, subject to stock exchange rules. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. One of the effects of the existence of authorized but unissued common stock or preferred stock may be to enable our board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Business Combinations

Upon completion of this offering, we will not be subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that the person becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a

person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's voting stock.

Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions: (1) before the stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (2) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or (3) at or after the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares.

We have opted out of Section 203; however, our amended and restated certificate of incorporation will contain similar provisions providing that we may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our board approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our board and by the affirmative vote of holders of at least 66 2/3% of our outstanding voting stock that is not owned by the interested stockholder.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with the company for a three-year period. This provision may encourage companies interested in acquiring the company to negotiate in advance with our board because the stockholder approval requirement would be avoided if our board approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our board and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

Our certificate of incorporation will provide that Silver Lake, Iconiq and Ms. Tucker, and any of their direct or indirect transferees who, following the transfer, will beneficially own at least 15% of the total number of shares of our common stock then outstanding, and any group as to which such persons are a party, do not constitute "interested stockholders" for purposes of this provision.

Exclusive Forum

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum for (1) any derivative action or proceeding brought on

our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against the company or any director or officer of the company arising pursuant to any provision of the DGCL, or (4) any other action asserting a claim against the company or any director or officer of the company that is governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having jurisdiction over indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and consented to this provision. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers.

Conflicts of Interest

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to certain of our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries' employees. Our certificate of incorporation will provide that, to the fullest extent permitted by law, none of Silver Lake or Iconiq, their respective affiliates or the directors they designate will have any duty to refrain from (1) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (2) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that Silver Lake or Iconiq, their respective affiliates or the directors they designate acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our amended and restated certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to Silver Lake, Iconiq, their respective affiliates or the directors they designate solely in his or her capacity as a director or officer of the company. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our amended and restated certificate of incorporation, we have sufficient financial resources to undertake the opportunity, and the opportunity would be in line with our business.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our amended and restated certificate of incorporation will include a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions will be to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation will not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also will be expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance will be useful to attract and retain qualified directors and officers.

The limitation of liability, indemnification and advancement provisions that will be included in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breaches of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be .

Listing

We will apply to list our common stock for quotation on under the trading symbol "BL".

SHARES ELIGIBLE FOR FUTURE SALE

No public market currently exists for our common stock, and we cannot predict the effect, if any, that sales of shares or availability of any shares for sale will have on the market price of our common stock prevailing from time to time. Sales of substantial amounts of common stock (including shares issued on the exercise of options, warrants or convertible securities, if any) or the perception that such sales could occur, could adversely affect the market price of our common stock and our ability to raise additional capital through a future sale of securities.

Upon completion of this offering, we will have shares of common stock issued and outstanding. All of the shares of our common stock offered by us pursuant to this prospectus will be freely tradable without restriction or further registration under the Securities Act unless such shares are purchased by "affiliates" as that term is defined in Rule 144 under the Securities Act. Upon completion of this offering, approximately % of our outstanding common stock will be held by our Principal Stockholders. These shares will be "restricted securities" as that phrase is defined in Rule 144. Subject to certain contractual restrictions, including the lock-up agreements described below, holders of restricted shares will be entitled to sell those shares in the public market if they qualify for an exemption from registration under Rule 144 or any other applicable exemption under the Securities Act. Subject to the lock-up agreements described below and the provisions of Rules 144 and 701, additional shares will be available for sale as set forth below. Upon completion of this offering, investors holding an aggregate of shares of common stock, assuming exercise in full of the underwriters' option to purchase additional shares, have registration rights.

Lock-up Agreements

In connection with this offering, we and holders of substantially all of our common stock have agreed, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for our common stock for 180 days after the date of this prospectus without the prior written consent of Goldman, Sachs & Co. and Credit Suisse Securities (USA) LLC on behalf of the underwriters. In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain of our security holders, including our registration rights agreement and our standard forms of option agreements under our equity incentive plans, that contain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

Rule 144

In general, under Rule 144, beginning 90 days after the date of this prospectus, a person who is not our affiliate and has not been our affiliate at any time during the preceding three months will be entitled to sell any shares of our common stock that such person has beneficially owned for at least six months, including the holding period of any prior owner other than one of our affiliates, without regard to volume limitations. Sales of our common stock by any such person would be subject to the availability of current public information about us if the shares to be sold were beneficially owned by such person for less than one year. Beginning 90 days after the date of this prospectus, our affiliates who have beneficially owned shares of our common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; or

- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

As of September 30, 2015, 1,345,051 shares of our outstanding common stock had been issued in reliance on Rule 701 as a result of exercises of stock options and stock awards.

Stock Options

We intend to file a registration statement on Form S-8 under the Securities Act covering all of the shares of our common stock subject to options outstanding or reserved for issuance under our stock plans and shares of our common stock issued upon the exercise of options by employees. We expect to file this registration statement as soon as practicable after this offering. In addition, we intend to file a registration statement on Form S-8 or such other form as may be required under the Securities Act for the resale of shares of our common stock issued upon the exercise of options that were not granted under Rule 701. We expect to file this registration statement as soon as permitted under the Securities Act. However, the shares registered on Form S-8 will be subject to volume limitations, manner of sale, notice and public information requirements of Rule 144 and will not be eligible for resale until expiration of the lock-up agreements and market standoff agreements to which they are subject.

Registration Rights

When this offering is complete, the holders of an aggregate of shares of our common stock, or their transferees, will be entitled to rights with respect to the registration of their shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of such registration. For a further description of these rights, see “Certain Relationships and Related Party Transactions — Registration Rights.”

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a summary of the material U.S. federal income tax consequences of the ownership and disposition of our common stock to non-U.S. holders issued pursuant to this offering, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought any ruling from the Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary also does not address the tax consequences arising under the laws of any non-U.S., state or local jurisdiction or other U.S. federal laws, including gift and estate tax laws. In addition, this discussion does not address tax consequences applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- persons subject to the alternative minimum tax or the Medicare tax on net investment income;
- tax-exempt organizations or governmental organizations;
- controlled foreign corporations, passive foreign investment companies, and corporations that accumulate earnings to avoid U.S. federal income tax;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our common stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons who do not hold our stock as a capital asset within the meaning of Section 1221 of the Code; and
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership or entity classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner generally will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisors regarding the federal income tax consequences to them.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, you are a non-U.S. holder (other than a partnership) if you are a beneficial holder of our common stock that, for U.S. federal income tax purposes, is not a U.S. person. For purposes of this discussion, you are a U.S. person if you are:

- an individual citizen or resident of the United States for U.S. tax purposes;
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof or treated as such for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more "United States persons" (within the meaning of Section 7701(a)(30)) who have the authority to control all substantial decisions of the trust or (y) which has made an election to be treated as a United States person for U.S. federal income tax purposes.

Distributions

We have not made any distributions on our common stock, and we do not plan to make any distributions for the foreseeable future. However, if we do make distributions on our common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and any excess will be treated as gain from the sale of stock as described below under "—Gain on Disposition of Stock."

Subject to the discussion below on effectively connected income, any dividend paid to you generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, you must provide us with a valid IRS Form W-8BEN, IRS Form W-8BEN-E or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. A non-U.S. holder of shares of our common stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries. You should consult your tax advisor regarding any applicable tax treaties that may provide for different rules.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business, and, if required by a tax treaty, are attributable to a permanent establishment that you maintain in the United States, are generally exempt from the withholding tax described above. In order to obtain this exemption, you must provide the applicable paying agent with a valid IRS Form W-8ECI or other appropriate IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty. You should consult your tax advisor regarding any applicable tax treaties that may provide for different rules.

For additional withholding rules that may apply to dividends paid to "foreign financial institutions" or to "non-financial foreign entities" (as specifically defined in the Code) that have substantial direct or indirect U.S. owners, see the discussion below under the heading "—Foreign Account Tax Compliance Act (FATCA)."

Gain on Disposition of Common Stock

Subject to discussions below regarding backup withholding and FATCA, you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business, and, if required by a tax treaty, the gain is attributable to a permanent establishment that you maintain in the United States;
- you are an individual non-resident alien who is present in the United States for a period or periods aggregating 183 days or more during the taxable year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a "United States real property holding corporation," or USRPHC, for U.S. federal income tax purposes.

We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and other business assets, there can be no assurance that we are not a USRPHC or will not become a USRPHC in the future. Even if we are or were to become a USRPHC, however, as long as our common stock is "regularly traded" (as defined by applicable Treasury Regulations) on an established securities market, such common stock will be treated as USRPIs only if you actually or constructively hold more than five percent of such regularly traded common stock at any time during the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock. You should consult any applicable tax treaties that may provide for different rules.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the net gain derived from the sale at the same graduated rates applicable to U.S. persons, and corporate non-U.S. holders described in the first bullet above may be subject to the branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be required to pay a flat 30% tax (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, which tax may be offset by U.S. source capital losses (even though you are not considered a resident of the United States), provided you have timely filed U.S. federal income tax returns with respect to such losses. You should consult any applicable tax treaties that may provide for different rules.

For additional withholding rules that may apply to gross proceeds from the sale or other disposition of our common stock paid to "foreign financial institutions" or to "non-financial foreign entities" (as specifically defined in the Code) that have substantial direct or indirect U.S. owners, see the discussion below under the heading "—Foreign Account Tax Compliance Act (FATCA)."

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. A similar report is sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends or of proceeds on the disposition of stock made to you may be subject to information reporting and backup withholding at a current rate of 28% unless you establish an exemption, for example by properly certifying your non-U.S. status on an IRS Form W-8BEN, IRS Form W-8BEN-E or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act (FATCA)

Under Sections 1471 to 1474 of the Code (such Sections commonly referred to as FATCA), a U.S. federal withholding tax of 30% may be imposed on dividends on and the gross proceeds from a disposition of our common stock to a "foreign financial institution" (as specifically defined in the Code) unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. A U.S. federal withholding tax of 30% under FATCA generally applies to dividends on and the gross proceeds from a disposition of our stock to a "non-financial foreign entity" (as specifically defined under the Code) unless such entity provides the withholding agent with either a certification that it does not have any "substantial United States owners" (as defined in the Code) or provides information regarding each substantial United States owner of the entity or otherwise establishes an exception. The withholding provisions described above apply to payments of dividends on our stock and, under current transition rules, are expected to apply with respect to payments of gross proceeds from a sale or other disposition of such common stock on or after January 1, 2019. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this paragraph. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. You should consult your tax advisors regarding these withholding provisions.

The preceding discussion of U.S. federal tax consequences is for general information only. It is not tax advice. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed change in applicable laws.

UNDERWRITING

The company and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and Credit Suisse Securities (USA) LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
Credit Suisse Securities (USA) LLC	
Pacific Crest Securities, a division of KeyBanc Capital Markets Inc.	
Raymond James & Associates, Inc.	
William Blair & Company, L.L.C.	
Robert W. Baird & Co., Incorporated	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares from the company to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by the company. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by the Company

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The company and its officers, directors, and holders of substantially all of the company's common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Available for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price will be negotiated among the company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the company's historical performance, estimates of the business potential and earnings prospects of the company, an assessment of the company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

In connection with the offering, the underwriters may purchase and sell shares of common stock 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 shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also 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 representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on , in the over-the-counter market or otherwise.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

(d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore

(the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Canada

The shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

The company estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

The company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California, and for the underwriters by Latham & Watkins LLP, Los Angeles, California. Wilson Sonsini Goodrich & Rosati, P.C. and certain of its members are associated with WS Investment Company, LLC (2007A), which is an investor in certain investment funds affiliated with Silver Lake. Upon the consummation of the offering, WS Investment Company (2007A) will directly or indirectly own less than 0.03% of the outstanding shares of our common stock.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On November 24, 2014, we dismissed Moss Adams LLP as our independent accountants with the recommendation and approval of our audit committee. We engaged PricewaterhouseCoopers LLP, or PwC, as our independent registered public accounting firm on November 24, 2014 to audit our financial statements as of December 31, 2014 and for the year then ending. Subsequent to their appointment, we engaged PwC to reaudit our consolidated financial statements as of December 31, 2013 for the period from January 1, 2013 to September 2, 2013 and for the period from September 3, 2013 to December 31, 2013.

The reports of Moss Adams LLP on our consolidated financial statements did not contain any adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope, or accounting principles.

During the years ended December 31, 2012 and 2013 and through November 24, 2014, Moss Adams LLP did not have any disagreement with us on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of Moss Adams LLP, would have caused it to make reference to the subject matter of the disagreement in connection with its report on our financial statements.

We did not consult with PwC on any financial or accounting reporting matters in the period before its appointment.

We delivered a copy of this disclosure to Moss Adams LLP and requested that they furnish us a letter addressed to the SEC stating whether they agree with the above statements. In their letter to the SEC dated February 8, 2016, attached as Exhibit 16.1 to the Registration Statement of which this prospectus is a part, Moss Adams LLP states that they agree with the statements above concerning their firm.

EXPERTS

The financial statements of BlackLine, Inc. as of December 31, 2013 and 2014 and for the period from September 3, 2013 to December 31, 2013 and the year ended December 31, 2014, and the financial statements of BlackLine Systems, Inc. for the period from January 1, 2013 to September 2, 2013 included in this prospectus have been so included in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from that office at prescribed rates. You may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference room and accessible through the SEC's Internet website referenced above. We also maintain an Internet website at www.blackline.com. Upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus or the registration statement of which this prospectus forms a part, and is not incorporated by reference herein. We have included our website address in this prospectus solely for informational purposes and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase shares of our common stock.

BLACKLINE, INC. AND BLACKLINE SYSTEMS, INC.

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

Index to Audited Consolidated Financial Statements of BlackLine Systems, Inc. ("Predecessor") for the period from January 1, 2013 to September 2, 2013 and BlackLine, Inc. ('Successor") as of December 31, 2013 and 2014 and for the period from September 3, 2013 to December 31, 2013 and the Year Ended December 31, 2014

Index to Supplemental Schedule—Schedule I—Condensed Parent Company Financial Information of BlackLine, Inc. as of December 31, 2013 and 2014 and for the period from September 3, 2013 to December 31, 2013 and the Year Ended December 31, 2014

Index to Unaudited Condensed Consolidated Financial Statements of BlackLine, Inc. ("Successor") as of September 30, 2015 and for the Nine Months Ended September 30, 2014 and 2015

Report of Independent Registered Public Accounting Firm

To the board of directors and stockholders of BlackLine, Inc. (“Successor”):

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders’ equity (deficit) and cash flows present fairly, in all material respects, the financial position of BlackLine, Inc. and its subsidiaries (“Successor”) at December 31, 2014 and 2013, and the results of their operations and their cash flows for the year ended December 31, 2014 and the period from September 3, 2013 to December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the accompanying financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
October 23, 2015 except for the financial statement schedule, as to which the date is February 9, 2016

Report of Independent Registered Public Accounting Firm

To the board of directors and stockholders of BlackLine Systems, Inc. (“Predecessor”):

In our opinion, the accompanying consolidated statements of operations, stockholders’ equity (deficit) and cash flows present fairly, in all material respects, the results of operations and cash flows of BlackLine Systems, Inc. and its subsidiaries (“Predecessor”) for the period from January 1, 2013 to September 2, 2013 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
October 5, 2015, except for net loss per share information and the geographic information included in the notes to the consolidated financial statements, as to which the date is October 23, 2015

BLACKLINE, INC. ("SUCCESSOR")
CONSOLIDATED BALANCE SHEETS
(in thousands, except shares and par values)

	December 31, 2013	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,855	$ 25,707
Accounts receivable, net of allowance for doubtful accounts of $121 and $77 at December 31, 2013 and 2014, respectively	11,219	18,040
Deferred sales commissions	649	1,903
Deferred tax assets	1,467	634
Prepaid expenses and other current assets	1,178	2,294
Total current assets	29,368	48,578
Capitalized software development costs, net	342	1,576
Property and equipment, net	2,037	3,279
Intangible assets, net	81,012	68,920
Goodwill	163,154	163,154
Other assets	579	677
Total assets	$ 276,492	$ 286,184
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,459	$ 3,171
Accrued expenses	4,105	7,362
Deferred revenue	17,328	34,574
Short-term portion of contingent consideration	2,008	2,008
Total current liabilities	24,900	47,115
Term loan, net	23,132	25,673
Common stock warrant liability	1,380	5,080
Deferred rent	31	1,069
Contingent consideration	3,599	2,818
Deferred tax liabilities	29,598	20,482
Total liabilities	82,640	102,237
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, $0.01 par value, 250,000,000 shares authorized, 200,400,000 issued and outstanding as of December 31, 2013, 202,185,714 issued and 201,960,714 outstanding as of December 31, 2014	2,004	2,022
Treasury stock, 225,000 shares at cost at December 31, 2014	—	(225)
Additional paid-in capital	198,518	205,572
Accumulated deficit	(6,670)	(23,422)
Total stockholders' equity	193,852	183,947
Total liabilities and stockholders' equity	$ 276,492	$ 286,184

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

BLACKLINE SYSTEMS, INC. (PREDECESSOR") AND BLACKLINE, INC. ("SUCCESSOR")
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	BlackLine Systems, Inc Period January 1, 2013 to September 2, 2013	BlackLine, Inc Period September 3, 2013 to December 31, 2013	BlackLine, Inc Year ended December 31, 2014
Revenues			
Subscription and support	$ 21,977	$ 7,723	$ 49,029
Professional services	1,407	860	2,648
Total revenues	23,384	8,583	51,677
Cost of revenues			
Subscription and support	4,442	4,346	14,380
Professional services	1,145	499	2,218
Total cost of revenues	5,587	4,845	16,598
Gross profit	17,797	3,738	35,079
Operating expenses			
Sales and marketing	10,453	6,895	31,837
Research and development	4,738	2,225	9,705
General and administrative	6,978	2,827	11,716
Acquisition related costs	5,586	1,634	—
Total operating expenses	27,755	13,581	53,258
Loss from operations	(9,958)	(9,843)	(18,179)
Other income (expense):			
Interest expense, net	(22)	(781)	(3,047)
Change in fair value of the common stock warrant liability	—	—	(3,700)
Other expense, net	(22)	(781)	(6,747)
Loss before income taxes	(9,980)	(10,624)	(24,926)
Provision for (benefit from) income taxes	21	(3,954)	(8,174)
Net loss	$ (10,001)	$ (6,670)	$ (16,752)
Net loss per share, basic and diluted	$ (0.12)	$ (0.03)	$ (0.08)
Weighted average common shares outstanding, basic and diluted	82,250,000	200,094,118	200,445,411

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

BLACKLINE SYSTEMS, INC. ("PREDECESSOR") AND BLACKLINE, INC. ("SUCCESSOR")
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except shares)

BLACKLINE SYSTEMS, INC. ("PREDECESSOR")

	Common Stock		Treasury Stock, at cost	Additional Paid-in Capital	Accumulated Deficit	Total
	Shares Outstanding	Amount				
Balance at December 31, 2012	82,250,000	$ —	$ —	$ 1,119	$ (3,652)	$ (2,533)
Stock-based compensation	—	—	—	900	—	900
Distributions to stockholders	—	—	—	(2,019)	(780)	(2,799)
Net loss	—	—	—	—	(10,001)	(10,001)
Balance at September 2, 2013	82,250,000	$ —	$ —	$ —	$ (14,433)	$ (14,433)

BLACKLINE, INC. ("SUCCESSOR")

	Common Stock		Treasury Stock, at cost	Additional Paid-in Capital	Accumulated Deficit	Total
	Shares Outstanding	Amount				
Balance at September 3, 2013	—	$ —	$ —	$ —	$ —	$ —
Common stock issuance	200,400,000	2,004	—	196,510	—	198,514
Excess tax benefit related to stock options	—	—	—	2,008	—	2,008
Net loss	—	—	—	—	(6,670)	(6,670)
Balance at December 31, 2013	200,400,000	$ 2,004	$ —	$ 198,518	$ (6,670)	$ 193,852
Common stock issuance	1,785,714	18	—	4,982	—	5,000
Stock repurchase	(225,000)	—	(225)	—	—	(225)
Stock-based compensation	—	—	—	2,072	—	2,072
Net loss	—	—	—	—	(16,752)	(16,752)
Balance at December 31, 2014	201,960,714	$ 2,022	$ (225)	$ 205,572	$ (23,422)	$ 183,947

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

BLACKLINE SYSTEMS, INC. ("PREDECESSOR") AND BLACKLINE, INC. ("SUCCESSOR")
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	BlackLine Systems, Inc Period from January 1, 2013 to September 2, 2013	BlackLine, Inc Period from September 3, 2013 to December 31, 2013	BlackLine, Inc Year ended December 31, 2014
Cash flows from operating activities			
Net loss	$ (10,001)	$ (6,670)	$ (16,752)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	547	4,222	13,455
Accretion of debt discount and paid in kind interest	—	658	2,541
Increase in fair value of common stock warrant	—	—	3,700
Decrease in fair value of contingent consideration	—	—	(781)
Stock-based compensation	900	—	2,017
Deferred income taxes	—	(5,985)	(8,283)
Excess tax benefit related to stock options	—	(2,008)	—
Changes in operating assets and liabilities, net of effect of the business combination:			
Accounts receivable	35	(5,359)	(6,821)
Deferred sales commissions	(2)	(649)	(1,254)
Prepaid expenses and other current assets	185	(386)	(1,116)
Other assets	(49)	(7)	(98)
Accounts payable	5,092	(4,433)	810
Accrued expenses	724	2,136	3,241
Deferred revenue	3,599	11,876	17,246
Deferred rent	210	31	1,038
Net cash provided by (used in)operating activities	1,240	(6,574)	8,943
Cash flows from investing activities			
Acquisitions, net of cash acquired	—	(145,874)	—
Capitalized software development costs	(642)	(285)	(1,437)
Purchase of property and equipment	(1,221)	(100)	(1,429)
Net cash used in investing activities	(1,863)	(146,259)	(2,866)
Cash flows from financing activities			
Proceeds from issuance of common stock	—	142,064	5,000
Repurchase of common stock	—	—	(225)
Excess tax benefit related to stock options	—	2,008	—
Proceeds from long-term debt, net of issuance costs	—	43,854	—
Repayment of acquired debt	—	(238)	—
Repayment of long-term debt	—	(20,000)	—
Distributions to stockholders	(2,799)	—	—
Net cash provided by (used in) financing activities	(2,799)	167,688	4,775
Net increase (decrease) in cash and cash equivalents	(3,422)	14,855	10,852
Cash and cash equivalents, beginning of period	5,635	—	14,855
Cash and cash equivalents, end of period	$ 2,213	$ 14,855	$ 25,707

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

BLACKLINE SYSTEMS, INC. ("PREDECESSOR") AND BLACKLINE, INC. ("SUCCESSOR")
CONSOLIDATED STATEMENTS OF CASH FLOWS
SUPPLEMENTAL CASH FLOW DISCLOSURE
(in thousands)

	BlackLine Systems, Inc Period from January 1, 2013 to September 2, 2013	BlackLine, Inc Period from September 3, 2013 to December 31, 2013	BlackLine, Inc Year ended December 31, 2014
Supplemental disclosures of cash flow information			
Cash paid for interest	$ 118	$ 324	$ 506
Cash paid for income taxes	$ —	$ —	$ 10
Non-cash financing and investing activities			
Fair value of common stock issued as consideration for business combinations	$ —	$ 56,450	$ —
Capitalized software developed costs included in accounts payable and accrued expenses	$ —	$ 64	$ 80
Purchases of property and equipment included in accounts payable and accrued expenses	$ 31	$ 94	$ 996
Stock-based compensation capitalized for software development	$ —	$ —	$ 55

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

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—The Company and basis of presentation

BlackLine, Inc. and its predecessor, BlackLine Systems, Inc., and its subsidiaries (the "Company" or "BlackLine") provide financial accounting close solutions delivered as a Software as a Service ("SaaS"). The Company's solutions enable its customers to address various aspects of their financial close process including account reconciliations, variance analysis of account balances, journal entry capabilities and certain types of data matching capabilities.

The Company is headquartered in Woodland Hills, California and has offices in Chicago, Atlanta, Vancouver, London, Paris, Sydney, Melbourne, and Singapore.

On September 3, 2013, SLS Breeze Holdings, Inc., SLS Breeze Intermediate Holdings, Inc. ("Intermediate Corp"), and SLS Breeze Merger Sub, Inc., formed by Silver Lake Sumeru Fund, LP ("Silver Lake"), acquired BlackLine Systems, Inc. (the "Acquisition"). Prior to the Acquisition, SLS Breeze Holdings, Inc., Intermediate Corp, and SLS Breeze Merger Sub, Inc. had no significant operations. Upon completion of the Acquisition BlackLine Systems, Inc. became indirectly controlled by Silver Lake through SLS Breeze Holdings, Inc. On August 21, 2014, SLS Breeze Holdings, Inc. changed its name to BlackLine, Inc. Prior to the Acquisition, BlackLine Systems, Inc. operated as an S-Corporation under the laws of the State of California. BlackLine, Inc. operates as a C-Corporation under the laws of the State of Delaware.

As more fully described in Note 3, the Acquisition resulted in a new basis of accounting and is accounted for as a business combination. As a result, the consolidated statements of operations, cash flows and stockholders' deficit for the periods up to September 2, 2013 are presented as BlackLine Systems, Inc. (the "Predecessor") and all subsequent consolidated financial statements are presented as BlackLine, Inc. (the "Successor"). The consolidated financial statements for periods from January 1, 2013 to September 2, 2013 are referred to as the 2013 Predecessor Period and the consolidated financial statements for the period from September 3, 2013 to December 31, 2013 are referred to as the 2013 Successor Period. The results are further separated by a black line to indicate the effective date of the new basis of accounting. As a result of the consummation of the Acquisition, the consolidated financial statements for the period after September 3, 2013, are presented on a different basis than that for the periods before September 3, 2013, due to the application of purchase accounting as of September 3, 2013, and therefore are not comparable.

Note 2—Significant accounting policies

Principles of consolidation

The Company's consolidated financial statements include the operating results of its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On an ongoing basis, management evaluates its estimates, primarily those related to determining the best estimate of the selling price ("BESP") for separate deliverables in the Company's revenue arrangements, allowance for doubtful accounts, the fair value of assets and liabilities assumed in a business combination, the recoverability of goodwill and long-lived assets, useful lives associated with long-lived assets, contingencies, fair value of contingent consideration, and the valuation and assumptions underlying stock-based compensation and common stock warrants. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Segments

Management has determined that the Company has one operating segment. The Company's chief executive officer, who is the Company's chief operating decision maker, reviews financial information on a consolidated and aggregate basis, together with certain operating metrics principally to make decisions about how to allocate resources and to measure the Company's performance.

Cash and cash equivalents

The Company considers all highly liquid investments with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. Cash includes cash held in checking and savings accounts. Cash equivalents are comprised of investments in money market mutual funds. Cash and cash equivalents are recorded at cost, which approximates fair value.

Restricted cash

Included in non-current other assets at December 31, 2013 and 2014 was cash of $400,000 required to be restricted as to use by the Company's office leaseholder to collateralize a standby letter of credit.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are recorded at the invoiced amount, do not require collateral, and do not bear interest. The Company estimates its allowance for doubtful accounts by evaluating specific accounts where information indicates the Company's customers may have an inability to meet financial obligations, such as bankruptcy and significantly aged receivables outstanding. The allowance for doubtful accounts as of December 31, 2013 and 2014 was $121,000 and $77,000, respectively.

Concentration of credit risk and significant customers

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

The Company maintains the majority of its cash balances with one major commercial bank in non-interest bearing accounts which exceed the Federal Deposit Insurance Corporation, or FDIC, federally insured limits.

The Company invests its excess cash in money market mutual funds. To date, the Company has not experienced any impairment losses on its cash equivalents.

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, no single customer comprised of more than 10% of the Company's total revenues. No single customer had an accounts receivable balance greater than 10% of total accounts receivable at December 31, 2013 and 2014.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are expensed as incurred, while renewals and betterments are capitalized. Depreciation expense is charged to operations on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of the Company's property and equipment are as follows:

	Useful Lives
Computers and equipment	3 to 5 years
Software	3 to 5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of 7 years or lease term

Capitalized internal-use software costs

The Company accounts for the costs of computer software obtained or developed for internal use in accordance with ASC 350*, Intangibles—Goodwill and Other* ("ASC 350"). The Company capitalizes certain costs in the development of its SaaS subscription solution when (i) the preliminary project stage is completed, (ii) management has authorized further funding for the completion of the project and (iii) it is probable that the project will be completed and performed as intended. These capitalized costs include personnel and related expenses for employees and costs of third-party contractors 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 significant upgrades and enhancements to the Company's SaaS software solutions are also capitalized. Costs incurred for training, maintenance and minor modifications or enhancements are expensed as incurred. Capitalized software development costs are amortized using the straight-line method over an estimated useful life of three years.

During the 2013 Predecessor Period year, the 2013 Successor Period, and the year ended December 31, 2014, the Company capitalized $642,000, $349,000, and $1,508,000, respectively, of internal-use software development costs. During the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, the Company amortized $274,000, $7,000, and $274,000, respectively, of internal-use software development costs to subscription and support cost of revenue. Based on the Company's capitalized internal-use software costs, net at December 31, 2014, estimated amortization expense of $621,000, $614,000, and $341,000 is expected to be recognized in 2015, 2016, and 2017, respectively.

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 generally 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.

Contingent consideration payable in cash arising from business combinations is recorded as a liability and measured at fair value each period. Changes in fair value are recorded in general and administrative expenses in the consolidated statements of operations.

Transaction costs associated with business combinations are expensed as incurred, and are included in Acquisition related costs in the consolidated statements of operations.

The Company performs valuations of assets acquired and liabilities assumed and allocates the purchase price to its respective assets and liabilities. 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, costs 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.

Intangible assets

Intangible assets primarily consist of acquired developed technology, customer relationships, trade name and non-compete agreements which were acquired as part of the Acquisition. 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 using the straight-line method, which approximates the pattern in which the economic benefits are consumed. The estimated useful lives of the Company's finite-lived intangible assets are as follows:

	Useful Lives
Trade name	10 years
Developed technology	6 years
Non-compete agreements	5 years
Customer relationships	8 years

Impairment of long-lived assets

Management evaluates the recoverability of the Company's property and equipment, finite-lived intangible assets and capitalized internal-software costs, when events or changes in circumstances indicate a potential impairment exists. Events and changes in circumstances considered by the Company in determining whether the carrying value of long-lived assets may not be recoverable include, but are not limited to: significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends and changes in the Company's business strategy. Impairment testing is performed at an asset level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (an "asset group"). In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of the asset group. If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment loss is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company determined that there were

no events or changes in circumstances that potentially indicated that the Company's long-lived assets were impaired during the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company tests goodwill for impairment in accordance with the provisions of ASC 350. Goodwill is tested for impairment at least annually at the reporting unit level or whenever events or changes in circumstances indicate that goodwill might be impaired. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, unanticipated competition, loss of key personnel, significant changes in the use of the acquired assets or the Company's strategy, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

ASC 350 provides that an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if an entity concludes otherwise, then it is required to perform the first of a two-step impairment test.

The first step involves comparing the estimated fair value of a reporting unit with its book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, then under the second step the carrying amount of the goodwill is compared with its implied fair value. The estimate of implied fair value of goodwill may require valuations of certain internally generated and unrecognized intangible assets. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess.

The Company has one reporting unit and it tests for goodwill impairment annually during the fourth quarter of the calendar year. At December 31, 2014, the fair value of the Company significantly exceeded the carrying value of its net assets and accordingly goodwill was not impaired.

Deferred rent

Rent expense is recorded on a straight-line basis over the term of the lease. The difference between rent expense and the cash paid under the lease agreement is recorded as deferred rent. Lease incentives, including tenant improvement allowances, are also recorded as deferred rent and amortized on a straight-line basis over the lease term.

Debt issued with warrants to purchase common stock

The Company has issued warrants to purchase common stock in connection with debt arrangements (see Note 7 – Term loan). These warrants are a liability classified under ASC 815-40, *Contracts in entity's own equity*, as they contain down-round protection such that in the event of subsequent issuances of shares at-market by the Company below the exercise price of the warrant

then the warrant's exercise price is reduced. The warrants are measured at fair value each period with changes in fair value recorded in other income (expense), net in the consolidated statements of operations. The warrants will continue to be measured at fair value each period until the earlier of exercise or termination.

The initial carrying value of the debt was reduced by the fair value of the warrants. The resulting debt discount is being amortized over the life of the debt on a straight-line basis which approximates the effective interest method. The amortization of the debt discount is recorded in interest expense in the consolidated statements of operations.

Fair value of financial instruments

ASC 820, *Fair Value Measurements* ("ASC 820") require entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1: Quoted prices in active markets for identical or similar assets and liabilities.

Level 2: Quoted prices for identical or similar assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical or similar assets or liabilities.

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

As of December 31, 2013 and 2014, the carrying value of cash equivalents, accounts receivable, accounts payable and accrued expenses, approximates fair value due to the short-term nature of such instruments. The carry value of long-term debt, excluding related debt discounts, approximates its fair value based on rates available to the Company for debt with similar terms and maturities.

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The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2014 by level within the fair value hierarchy. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$14,562	$ —	$ —	$14,562
Total Assets	$14,562	$ —	$ —	$14,562
Liabilities				
Common stock warrant liability	$ —	$ —	$1,380	$ 1,380
Contingent consideration	—	—	5,607	5,607
Total Liabilities	$ —	$ —	$6,987	$ 6,987

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$24,870	$ —	$ —	$24,870
Total Assets	$24,870	$ —	$ —	$24,870
Liabilities				
Common stock warrant liability	$ —	$ —	$5,080	$ 5,080
Contingent consideration	—	—	4,826	4,826
Total Liabilities	$ —	$ —	$9,906	$ 9,906

Upon the consummation of the Acquisition, the Company recorded a liability for the estimated fair value of the contingent consideration (see Note 9—Contingent Consideration). The contingent consideration is measured at fair value each period and is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions management believe would be made by a market participant. Management assesses these estimates on an on-going basis as additional data impacting the assumptions becomes available. Changes in the fair value of contingent consideration related to updated assumptions and estimates are recognized within general and administrative expenses in the consolidated statements of operations. The Company determined the fair value of the contingent consideration by discounting estimated future taxable income. The significant inputs used in the fair value measurement of contingent consideration are the timing and amount of taxable income in any given period and determining an appropriate discount rate which considers the risk associated with the forecasted taxable income. Significant changes in the estimated future taxable income and the periods in which they are generated would significantly impact the fair value of the contingent consideration liability.

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Warrants to purchase common stock are liability classified and are measured at fair value each period. The fair value is determined using a binomial lattice valuation model. The fair value includes significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of common stock warrants uses assumptions management believe would be made by a market participant. Management assesses these estimates on an on-going basis as additional data impacting the assumptions becomes available. Changes in the fair value of common stock warrant liability related to updated assumptions and estimates are recognized within other income (expense), net in the consolidated statements of operations. The significant inputs used in the fair value measurement of the common stock warrants are the estimated fair value of the Company's common stock and to a lesser extent the expected stock volatility, the probability of a change in control and future stock issuances which impact the term of the warrants. Significant increases or decreases in the estimated fair value of the Company's common stock would significantly impact the fair value of the warrant liability. The fair value of the Company's common stock is based on a number of quantitative and qualitative factors as described in Stock-Based Compensation accounting policy below.

The following table summarizes the changes in the common stock warrant liability and contingent consideration liability (in thousands):

	Contingent Consideration	Common Stock Warrant Liability
Initial fair value upon issuance or transaction date	$ 5,607	$ 1,380
Change in fair value	—	—
Fair value as of December 31, 2013	5,607	1,380
Change in fair value	(781)	3,700
Fair value as of December 31, 2014	$ 4,826	$ 5,080

Certain assets, including goodwill and long-lived assets, are also subject to measurement at fair value on a non-recurring basis if they are deemed to be impaired a result of an impairment review. For the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, no impairments were identified on those assets required to be measured at fair value on a non-recurring basis.

Revenue recognition

The Company derives its revenue from the following sources:

Subscription and support revenue – Customers pay subscription fees for access to the Company's SaaS platform generally for a one year period. In more limited cases customers may subscribe for up to three years. Fees are based on a number of factors, including the solutions subscribed for by the customer and the number of users having access to the solutions. The first year subscription fees are typically payable within 30 days after the execution of the arrangement, and thereafter upon renewal. The Company initially records the subscription fees as deferred revenue and recognizes revenue on a straight-line basis over the term of the agreement. At any time during the subscription period, customers may increase the number of their users or subscribe for additional products. Additional user fees and additional product subscriptions are payable for the remainder of the initial or extended contract term. Subscription and support revenue also includes software license revenue related to maintenance and support fees on legacy software sales as described below.

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Professional services – The Company offers its customers assistance in implementing its solutions and optimizing their use. Professional services include consulting and training. These services are billed on either a fixed fee or time and material basis. Revenues from time and material arrangements are recognized as services are performed and revenues from fixed fee arrangements are initially recorded as deferred revenue and recognized on a proportional performance basis as the services are performed.

The Company recognizes subscription and professional services revenues when: (i) persuasive evidence of an arrangement for the sale of the Company's solutions or consulting services exists, (ii) the solutions 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 customer's arrangement. Evidence of an arrangement consists of a signed customer agreement. The Company considers that delivery of a solution has commenced once it provides the customer with log-in information to access and use the solution. Fees are fixed based on stated rates specified in the customer agreement. The Company assesses collectability based on a number of factors, including the creditworthiness of the customer, review of their financial information or transaction history. If collectability is not considered reasonably assured, revenue is deferred until the fees are collected.

The majority of customer arrangements include multiple deliverables such as subscriptions to the Company's SaaS solutions and professional services. The Company 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* ("ASU 2009-13"). For subscription agreements, as customers do not have the right to the software code underlying the Company's solutions, subscription revenue arrangements are outside the scope of software revenue recognition guidance as defined by ASC Topic 985-605, *Software.* The Company's agreements do not contain any refund provisions other than in the event of the Company's non-performance or breach.

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

The Company allocates revenue among the separate non-contingent 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 not able to determine VSOE or TPE for its deliverables, because the deliverables are typically bundled and infrequently sold separately within a consistent price range. Additionally, management has determined that there are no third-party offerings reasonably comparable to the Company's solutions. Therefore, the selling prices of subscriptions to the SaaS solutions and professional services are based on BESP. 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, geography, customer size and number of users, and discounting practices. The determination of BESP is made through consultation with senior management. The Company updates its estimates of BESP on an ongoing basis as events and as circumstances may require. As the Company's marketing strategies evolve, the Company may modify its pricing practices in the future, which could result in changes in relative selling prices and BESP.

The Company uses business process outsourcers ("BPOs") and resellers to complement its direct sales and marketing efforts. The BPOs and resellers place orders with the Company after receiving an order from an end customer. The BPOs and resellers receive business terms of sale similar to those received by the Company's direct customers, and payment to the Company is not contingent on the receipt of payment from the end customer. The BPOs and resellers negotiate pricing with the end customer and are responsible for implementation services, if any, and for certain support levels directly with the end customer. The Company recognizes revenue over the term of the arrangement for the contractual amount charged to the BPO or reseller, once access to the Company's solution has been provided to the end customer provided that the other revenue recognition criteria noted above have been met.

Subscription and support revenues also include revenues associated with sales of software licenses and related support. Prior to the development of the Company's SaaS solutions, the Company sold software licenses and post contract support which was accounted for in accordance with ASC Topic 985-605, *Software.* The Company continues to provide post contract support to a limited number of customers that have not yet migrated to the SaaS solution. Software revenues relates primarily to annual renewals of post contract support which are recognized on a straight-line basis over the support period. Software revenues comprised approximately 5%, 3% and 3% of total revenues for the 2013 Predecessor Period, the 2013 Successor Period and the year ended December 31, 2014, respectively. The Company no longer develops any new applications or functionality for the legacy software licensed to customers.

Taxes collected from customers are accounted for on a net basis and are excluded from revenue.

Cost of revenues

Cost of revenues primarily consists of costs related to hosting the Company's cloud-based application suite, salaries and benefits of operations and support personnel, including stock-based compensation, and amortization of capitalized internal-use software costs. The Company allocates a portion of overhead, such as rent, IT costs, and depreciation and amortization to cost of revenues. Costs associated with providing professional services are expensed as incurred when the services are performed. In addition, subscription and support cost of revenues includes amortization of acquired developed technology.

Sales and marketing

Sales and marketing expenses consist primarily of compensation and employee benefits, including stock-based compensation of sales and marketing personnel and related sales support teams, sales and partner commissions, marketing events, advertising costs, travel, trade shows, and other marketing materials. Sales and marketing expenses also include amortization of customer relationship intangible assets. Advertising costs are expensed as incurred and totaled $151,000, $345,000, and $1,549,000 for the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, respectively.

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Deferred sales commissions

Deferred sales commissions are the incremental costs that are directly associated with non-cancelable subscription contracts with customers and consist of sales commissions paid to the Company's direct sales force and third-party partners. The commissions are deferred and amortized over the non-cancelable terms of the related customer contracts, which are typically one year in duration. The commission payments are paid in full the month after the customer's service commences. The deferred commission amounts are recoverable through the future revenue streams under the non-cancelable customer contracts. The Company believes this is the preferable method of accounting as the sales commission charges are so closely related to the revenue from the non-cancelable customer contracts that they should be recorded as an asset and charged to expense over the same period that the subscription revenue is recognized. Amortization of deferred sales commissions is included in sales and marketing in the accompanying consolidated statements of operations. As of December 31, 2013 and 2014, deferred commission costs, net of accumulated amortization were $649,000 and $1,903,000, respectively. Amortization of commission costs was $596,000, $197,000 and $2,458,000 for the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, respectively.

Research and development

Research and development expenses are comprised primarily of salaries, benefits, and stock-based compensation associated with the Company's engineering, product and quality assurance personnel. Research and development expenses also include third-party contractors and supplies. Other than software development costs that qualify for capitalization, discussed above, research and development costs are expensed as incurred.

General and administrative

General and administrative expenses consist primarily of personnel costs associated with the Company's executive, finance, legal, human resources, compliance, and other administrative personnel, as well as accounting and legal professional services fees, facilities-related costs and depreciation, and other corporate related expenses. General and administrative expenses also include amortization of covenant not to compete and tradename intangible assets.

Stock-based compensation

The Company accounts for stock-based compensation awards granted to employees and directors based on the awards' estimated grant date fair value. The Company estimates the fair value of its stock options using the Black-Scholes option-pricing model. The resulting fair value, net of estimated forfeitures, is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award, usually the vesting period, which is generally four years. The Company recognizes the fair value of stock options which contain performance conditions based upon the probability of the performance conditions being met, net of estimated forfeitures, using the graded vesting method. Estimated forfeitures are based upon the Company's historical experience and the Company revises its estimates, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

Determining the grant date fair value of options using the Black-Scholes option pricing model requires management to make assumptions and judgments. These estimates involve inherent uncertainties and if different assumptions had been used, stock-based compensation expense could have been materially different from the amounts recorded.

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The assumptions and estimates are as follows:

Value per share of the Company's common stock. Because there is no public market for the Company's common stock, the Company's management, with the assistance of a third-party valuation specialist, determined the common stock fair value at the time of the grant of stock options by considering a number of objective and subjective factors, including the Company's actual operating and financial performance, market conditions and performance of comparable publicly traded companies, developments and milestones in the Company, the likelihood of achieving a liquidity event and transactions involving the Company's common stock, among other factors. The fair value of the underlying common stock will be determined by the Company's board of directors until such time as the Company's common stock commences trading on an established stock exchange or national market system. The fair value of the Company's common stock has been determined in accordance with applicable elements of the practice aid issued by the American Institute of Certified Public Accountants, *Valuation of Privately Held Company Equity Securities Issued as Compensation*.

Expected volatility. The Company determines the expected volatility based on historical average volatilities of similar publicly traded companies corresponding to the expected term of the awards.

Expected term. The Company determines the expected term of awards which contain only service conditions using the 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, as the Company does not have sufficient historical data relating to stock-option exercises. For awards granted which contain performance conditions, the Company estimates the expected term based on estimates of post-vesting employment termination behavior taking into account the life of the award.

Risk-free interest rate. The risk-free interest rate is based on the United States Treasury yield curve in effect during the period the options were granted corresponding to the expected term of the awards.

Estimated dividend yield. The estimated dividend yield is zero, as the Company does not currently intend to declare dividends in the foreseeable future.

The following information represents the weighted average of the assumptions used in Black-Scholes option-pricing model:

	2013 Predecessor Period	Year ended December 31, 2014
Expected term (years)	6.0	6.2
Expected volatility	57.2%	54.0%
Risk free interest rate	1.0%	1.9%
Expected dividends	—	—

Income taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be

recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the consolidated statements of operations in the period that includes the enactment date. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized. The Company recognizes interest and penalties accrued with respect to uncertain tax positions, if any, in the provision for income taxes in the consolidated statements of operations.

Net loss per share

Basic and diluted loss per share is calculated by dividing net loss by the weighted average number of shares of common stock outstanding. As the Company has net losses for the periods presented all potentially dilutive common stock, which are comprised of stock options and warrants, are antidilutive.

As of December 31, 2013 and 2014, the following potentially dilutive shares have been excluded from the calculation of diluted net loss per share attributable to common stockholders because they are anti-dilutive:

	December 31,	
	2013	2014
Options to purchase common stock	—	20,730,000
Common stock warrants	2,500,000	2,500,000
Total shares excluded from net loss per share	2,500,000	23,230,000

Foreign currency

The Company's foreign subsidiaries' functional currency is the U.S. Dollar. The foreign exchange impacts of remeasuring the foreign subsidiaries' local currency to the U.S. Dollar functional currency is recorded in general and administrative expenses, net in the Company's consolidated statement of operations. Monetary assets and liabilities of foreign operations are remeasured at balance sheet date exchange rates, non-monetary assets and liabilities and equity are remeasured at the historical exchange rates, while results of operations are remeasured at average exchange rates in effect for the period. The foreign currency transaction gains or losses were immaterial for each period presented.

Comprehensive income or loss

ASC 220, *Comprehensive Income*, establishes standards for the reporting and display of comprehensive income or loss and its components in the financial statements. For the 2013 Predecessor Period, the 2013 Successor Period and the year ended December 31, 2014, the Company had no other comprehensive income (loss) items and therefore, comprehensive loss equaled net loss. Accordingly, a separate statement of comprehensive loss has not been presented.

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Recently issued accounting standards

Under the Jumpstart Our Business Startups Act, or the JOBS Act, the Company meets the definition of an emerging growth company. The Company has irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance related to revenue from contracts with customers. 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 or services. The updated standard will replace all existing revenue recognition guidance under GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. In July 2015, the FASB voted to defer the effective date to January 1, 2018, with early adoption beginning January 1, 2017. The Company is evaluating the impact of adopting this guidance on its consolidated financial statements.

In April 2015, the FASB issued new guidance related to the presentation of debt issuance costs, which requires debt issuance costs to be presented in the balance sheet as a direct deduction for the associated debt liability. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The Company early adopted this guidance in connection with the issuance of the prior year financial statements. The adoption resulted in $304,000 of issuance costs as of December 31, 2013 related to its long-term debt being recorded as a reduction in the carrying amount of the debt rather than deferred charges recorded in other assets on the consolidated balance sheet

In April 2015, the FASB issued new guidance related to the customer's accounting for fees paid in a cloud computing arrangement, which provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The new guidance is effective for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The Company is evaluating the impact of adopting this guidance on its consolidated financial statements.

Note 3 - Business combination

On September 3, 2013, BlackLine Systems, Inc. was acquired by BlackLine, Inc. The Acquisition resulted in a change in control of BlackLine Systems, Inc. with BlackLine Systems, Inc. becoming indirectly controlled by Silver Lake through its majority ownership of BlackLine, Inc. Accordingly, the acquisition resulted in a new basis of accounting and was recorded as a business combination where the assets acquired and liabilities assumed of BlackLine Systems, Inc. were recorded at fair value.

The total purchase consideration was approximately $210 million, which comprised cash consideration of $148 million paid to the selling stockholders of BlackLine Systems, Inc. and the fair value of equity consideration (common stock) of $56.5 million issued by SLS Breeze Holdings, Inc. to the stockholders of BlackLine Systems, Inc. in exchange for their pre-existing equity interests in BlackLine Systems, Inc., and the fair value of contingent consideration of $5.6 million (See Note 9—Contingent Consideration). The cash consideration included $10 million which was held in escrow for 12 months from the closing date, or September 3, 2014, related to potential breaches of

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representations and warranties. $9.8 million of the escrow was paid out to the selling stockholders of BlackLine Systems, Inc. in September 2014. The remaining escrow amount has not been paid through the issuance date of these financial statements. The fair value of the equity consideration was based on the fair value of the underlying common stock purchased by Silver Lake and other third parties of BlackLine, Inc. concurrent with the purchase of BlackLine Systems, Inc. The fair value of the contingent consideration was determined by discounting forecasted taxable income (See Note 2—Significant Accounting Policies—Fair Value of Financial Instruments).

Common stock held by certain members of management is subject to repurchase by the Company at fair market value in the event their employment with the Company terminates for any reason. All rights of first refusal or call rights on management or other equity not exercised by the Company will be made available to the stockholders on a pro rata basis. Shares subject to these provisions total 1,615,000 at December 31, 2014.

Acquisition related costs incurred by BlackLine Systems, Inc. of approximately $5,586,000 were expensed as incurred in the 2013 Predecessor Period. Acquisition related costs incurred by BlackLine, Inc. of $1,634,000 were expensed as incurred in the 2013 Successor Period.

The purchase of BlackLine Systems, Inc. was funded through the issuance of common stock to Silver Lake and other third-party investors of $143.5 million and proceeds from the issuance of debt of $20 million to Silver Lake. Subsequent to the Acquisition, the Company repaid the $20 million of debt with proceeds from the issuance of a new $25 million term loan as described in Note 7—Term loan. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of the acquisition (in thousands):

Total consideration to selling shareholders	$210,144
Assets acquired and liabilities assumed	
Cash and cash equivalents	$ 2,213
Accounts receivable	5,860
Other current assets	792
Property and equipment	2,058
Intangible assets	85,043
Other long-term assets	572
Accounts payable	(5,829)
Accrued liabilities	(3,706)
Company indebtedness	(431)
Deferred revenues	(5,452)
Net deferred income tax liabilities	(34,130)
Net assets	46,990
Goodwill	$163,154

The purpose of the acquisition was to support expansion of the Company's offerings and broaden the Company's geographical footprint and provide liquidity to existing stockholders.

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To determine the estimated fair value of intangible assets acquired, the Company engaged a third-party valuation specialist to assist management. The fair value measurements of the intangible assets were based primarily on significant unobservable inputs and thus represent a Level 3 measurement as defined in ASC 820. The acquired intangible asset categories, fair value and amortization periods, are as follows (in thousands):

	Amortization Period	Fair Value
Trade name	10 years	$15,964
Developed technology	6 years	36,844
Non-compete agreements	5 years	4,341
Customer relationships	8 years	27,894
Total		$85,043

The weighted average useful lives of intangible assets at the Acquisition date was 7.4 years.

The customer relationships were valued utilizing the "excess of earnings" method of the income approach. Estimated cash flow associated with the existing customers and projects was based on historical and market participant data, discounted, and utilizing the Company's weighted average cost of capital ("WACC"). Such discounted cash flows were net of fair market returns on the various tangible and intangible assets that are necessary to release the potential cash flows.

The fair value of the trade name and developed technology were determined based on the "relief from royalty" method, an approach under which fair value is estimated to be the present value of royalties saved because the Company owns the intangible asset and therefore does not have to pay a royalty for its use. A royalty rate was selected based on consideration of several factors, including external research of third-party trademark licensing agreements and their royalty rate levels and the technology's strength in the marketplace and management estimates.

The fair value for the non-compete agreements was valued based on a "with or without" model. The agreements were analyzed based on the potential impact competition from certain individuals could have on the financial results of the Company, assuming the agreements were not in place. An estimate of the probability associated with the likelihood of competition was then applied and the results were compared to a similar model assuming the agreements were in place.

At the Acquisition date, the Company recorded deferred revenue at its estimated fair value of $5.5 million. The fair value of the deferred revenue was determined based on the estimated direct and incremental costs to fulfill the Company's legal performance obligations, plus a reasonable profit margin. The valuation of the deferred revenue uses assumptions management believe would be made by a market participant. The fair value of the deferred revenue was below the carrying value of the deferred revenue immediately prior to the Acquisition date of $16.5 million. The impact of recording the deferred revenue at fair value resulted in a reduction to revenue for the 2013 Successor Period and the year ended December 31, 2014 of $6.0 million and $5.0 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited pro forma information

The following table presents pro forma revenues and pro forma net loss for the year ended December 31, 2013 as if the Acquisition occurred on January 1, 2012 (in thousands):

Pro forma revenues	$ 38,012
Pro forma net loss	(10,547)

The unaudited pro forma results reflect certain adjustments for the depreciation and amortization of the fair values of the intangible assets acquired, adjustments to revenue resulting from the fair value adjustment to deferred revenue, recording transaction costs incurred in 2012, and related tax adjustments. Such unaudited pro forma amounts are not necessarily indicative of the results that actually would have occurred had the acquisition been completed on the date indicated, nor is it indicative of the future operating results of the Company.

Note 4—Property and equipment

Property and equipment consist of the following at December 31, 2013 and 2014 (in thousands):

	December 31,	
	2013	2014
Computers and equipment	$ 468	$ 1,024
Software	551	589
Furniture and fixtures	417	466
Leasehold improvements	785	799
Construction in progress	—	1,674
	2,221	4,552
Less: accumulated depreciation	(184)	(1,273)
	$2,037	$ 3,279

Depreciation expense was $273,000, $184,000, and $1,089,000 for the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, respectively.

Note 5—Intangible assets

The carrying value of intangible assets as of December 31, 2013 and 2014 was as follows (in thousands):

	December 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$15,964	$ (532)	$ 15,432
Developed technology	36,844	(2,048)	34,796
Non-compete agreements	4,341	(289)	4,052
Customer relationships	27,894	(1,162)	26,732
	$85,043	$ (4,031)	$ 81,012

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$15,964	$ (2,129)	$13,835
Developed technology	36,844	(8,187)	28,657
Non-compete agreements	4,341	(1,158)	3,183
Customer relationships	27,894	(4,649)	23,245
	$85,043	$ (16,123)	$68,920

Amortization expense is included in the following functional statement of operations expense categories (in thousands):

	2013 Successor Period	Year ended December 31, 2014
Cost of revenue	$ 2,048	$ 6,139
Sales and marketing	1,162	3,487
General and administrative	821	2,466
	$ 4,031	$ 12,092

The following table presents the Company's estimate of remaining amortization expense for each of the five succeeding fiscal years and thereafter for finite-lived intangible assets at December 31, 2014 (in thousands):

2015	$12,092
2016	12,092
2017	12,092
2018	11,803
2019	9,177
Thereafter	11,664
	$68,920

Note 6—Accrued expenses

At December 31, 2013 and 2014, accrued expenses comprise the following (in thousands):

	December 31,	
	2013	2014
Accrued salary and employee benefits	$3,724	$5,786
Accrued income and other taxes payable	117	588
Other accrued expenses	264	988
	$4,105	$7,362

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7—Term loan

In September 2013, the Company entered into a $25 million term loan agreement (the "Term Loan"). The proceeds from the Term Loan were used to repay $20 million of debt obligations incurred on the Acquisition date and for general working capital purposes. The Term Loan has a term of five years and expires and is repayable on September 25, 2018. There are no minimum principal payments due under the Agreement. The Term Loan bears interest at (i) the greater of LIBOR or 1.5% plus (ii) 8%. At December 31, 2013 and 2014, the interest rate on the Term Loan was 9.5%. The interest is due quarterly in arrears on March 31, June 30, September 30, and December 31 of each year, commencing December 31, 2013. Interest can be paid in varying amounts in cash or in payment in kind. For the 2013 Successor Period and the year ended December 31, 2014, interest of $521,000 and $2,037,000, respectively, was paid in kind, thereby increasing the outstanding principal. Interest paid in kind is due and payable at maturity of the Term Loan. The Term Loan is collateralized against all of the Company's assets. In connection with certain events, including a change in control, or if the Company elects to repay the Term Loan, within three years of September 2013 the Company is required to pay a prepayment penalty. The Term Loan requires the Company to comply on a quarterly basis with a maximum consolidated leverage ratio financial covenant. The consolidated leverage ratio is the ratio of the principal amount of the Term Loan outstanding to revenues for the most recent four consecutive quarters. The Company was in compliance with this financial covenant at December 31, 2014. The Term Loan also places restrictions on dividends payments, certain investments and acquisitions, and other customary restrictions. The Term Loan, which was entered into by the Company's subsidiary, BlackLine Systems, Inc. also places restrictions on making dividend payments, loans or advances to BlackLine Inc. and its subsidiaries. All of the BlackLine Systems, Inc.'s net assets are restricted from making payments, loans or advances to BlackLine, Inc. and its subsidiaries. Restricted net assets as of December 31, 2014 amounted to $184.0 million.

The Company incurred $1,140,000 in transaction costs and fees payable to the lender related to the Term Loan. This amount, net of amortization, is presented as a discount against the carrying amount of the Term Loan as of December 31, 2013 and 2014. A total of $57,000 and $228,000 of debt discount has been amortized to interest expense for the 2013 Successor Period and the year ended December 31, 2014, respectively.

In conjunction with Term Loan, the Company issued warrants to purchase 2,500,000 shares of common stock at an exercise price per share of $1.00. The warrants are exercisable at any time by the holder and expire upon the earlier of ten years from the issuance date or the sale of the Company. At December 31, 2014, the warrants remain outstanding. The carrying value of the Term Loan was reduced by the fair value of the warrants at issuance of $1,380,000. See Note 2—Significant accounting policies—Fair value of financial instruments, for additional information regarding the valuation of the warrants. The resulting debt discount is being amortized over the term of the debt on a straight-line basis which approximates the effective interest method. The amortization of the debt discount is recorded in interest expense in the consolidated statements of operations. For the 2013 Successor Period and the year ended December 31, 2014, amortization of debt discount relating to the warrant was $74,000 and $276,000, respectively. As of December 31, 2013 and 2014, the Company reserved 2,500,000 shares of common stock for issuance from its authorized and unissued common stock.

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The net carrying amount of the Term Loan as of December 31, 2013 and 2014 consists of the following (in thousands):

	December 31,	
	2013	2014
Principal amount (including interest paid in kind)	$25,521	$27,558
Unamortized debt issuance costs and debt discount	(1,083)	(855)
Unamortized common stock warrant liability discount	(1,306)	(1,030)
Net carrying value	$23,132	$25,673

Note 8—Income taxes

For the 2013 Predecessor Period the Company operated as an S-Corporation and as such the results of operations passed through directly to the shareholders and any taxes were affected at the individual shareholder level. Taxes for the 2013 Predecessor Period of $21,000 consisted of state and foreign income taxes.

The components of income (loss) before income taxes for the 2013 Successor Period and the year ended December 31, 2014 are as follows (in thousands):

	2013 Successor Period	Year ended December 31, 2014
United States	$(10,862)	$ (25,387)
International	238	461
	$(10,624)	$ (24,926)

The components of the provision for income taxes for the 2013 Successor Period and the year ended December 31, 2014 are summarized as follows (in thousands):

	2013 Successor Period	Year ended December 31, 2014
Current		
Federal	$ 1,783	$ —
State	230	1
International	18	108
Total current tax expense	2,031	109
Deferred		
Federal	(4,982)	(7,111)
State	(1,003)	(1,172)
Total deferred tax benefit	(5,985)	(8,283)
Total tax benefit	$ (3,954)	$ (8,174)

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate for the 2013 Successor Period and the year ended December 31, 2014 is as follows:

	2013 Successor Period	Year ended December 31, 2014
Federal statutory income tax rate	34.0%	34.0%
State tax, net of federal benefit	4.8%	3.1%
Acquisition related costs	(5.0%)	—
Federal tax credits	4.0%	0.6%
Common stock warrants	—	(5.0%)
Contingent consideration	—	1.0%
Other	(0.6%)	(0.9%)
	37.2%	32.8%

Significant components of the Company's tax assets and liabilities at December 31, 2013 and 2014 are as follows (in thousands):

	December 31, 2013	December 31, 2014
Deferred tax assets		
Accrued expenses	$ 317	$ 188
Deferred revenue	860	—
Research credits	695	1,146
Contingent consideration	425	358
Stock-based compensation	—	769
Net operating loss carryover	—	4,626
Other	57	1
Total deferred tax assets	2,354	7,088
Deferred tax liabilities		
Property and equipment	(369)	(222)
Common stock warrants	(110)	(87)
Intangible assets	(29,791)	(26,115)
Prepaid expenses	(215)	(512)
Total deferred tax liabilities	(30,485)	(26,936)
Net deferred taxes	$ (28,131)	$ (19,848)

The deferred tax liabilities principally relate to intangible assets acquired in the Acquisition. These deferred tax liabilities are an available source of income to realize the Company's deferred tax assets and accordingly a valuation allowance was not required as of December 31, 2013 and 2014.

As of December 31, 2014, the Company had consolidated federal and State of California net operating loss carryforwards available to offset future taxable income of approximately $43.0 million and $42.6 million, respectively. Pursuant to Internal Revenue Code Section 382, use of the Company's net operating loss carryforwards may be limited if the Company experiences a cumulative change in ownership of more than 50% over a three-year period. At December 31, 2014, $30.3 million of net operating losses related to tax benefits for stock-based compensation resulting from gains that certain individual option holders experienced as part of the Acquisition and are not included in the deferred tax

assets and will be recorded to additional paid in capital when and if they reduce taxes payable. During the 2013 Successor Period, the Company recorded $2.0 million of excess tax benefits in additional paid-in capital which reduced taxes payable. The federal net operating loss carryforwards start to expire in 2033. The California net operating loss carryforwards start to expire in 2023.

The following is a rollforward of the Company's total gross unrecognized tax benefits (in thousands):

Gross unrecognized tax benefits, September 3, 2013	$ —
Increase related to positions taken in the 2013 Successor Period	153
Total gross unrecognized tax benefits, December 31, 2013	153
Increase related to positions taken in the year ended December 31, 2014	35
Total gross unrecognized tax benefits, December 31, 2014	$188

The Company does not anticipate either material changes in the total amount or composition of its unrecognized tax benefits within 12 months of the reporting date. The Company accrues interest and penalties related to unrecognized tax benefits in income tax expense. No penalties were accrued as of December 31, 2013 and 2014.

The Company files federal, state and foreign income tax returns in jurisdictions with varying statutes of limitations. Due to its net operating loss carryforwards, the Company's income tax returns for all periods generally remain subject to examination by federal and most state tax authorities.

Note 9—Contingent consideration

In conjunction with the Acquisition, option holders of BlackLine Systems, Inc. were allowed to cancel their stock option rights and receive a cash payment equal to the amount of calculated gain (less applicable expense and other items) had they exercised their stock options and then sold their common shares as part of the Acquisition. As a condition of the Acquisition, the Company is required to pay additional cash consideration to certain equity holders if the Company realizes a tax benefit from the use of net operating losses generated from the stock option exercises concurrent with the Acquisition. The maximum contingent cash consideration to be distributed is $8.0 million. The fair value of the contingent consideration was $5.6 million and $4.8 million as of December 31, 2013 and 2014, respectively. The decrease in the contingent consideration during the year ended December 31, 2014 reflected changes in the expected timing of the Company's ability to utilize net operating losses generated from the stock options exercised resulting from changes in estimates of future taxable income. See Note 2—Significant accounting policies—Fair value of financial instruments for additional information regarding the valuation of the contingent consideration.

Note 10—Commitments and contingencies

Operating leases—The Company has various non-cancelable operating leases for its corporate and international offices. These leases expire at various times through 2023. 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

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the underlying lease. Total rent expense under the operating leases was approximately $660,000 for the 2013 Predecessor Period, $469,000 for the 2013 Successor Period and $1,800,000 for the year ended December 31, 2014.

Future minimum lease payments under non-cancelable operating leases are as follows for the years ended December 31 (in thousands):

2015	$ 2,687
2016	2,192
2017	1,971
2018	1,629
2019	1,663
Thereafter	5,605
	$15,747

Litigation—From time to time, the Company may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Company is not currently a party to any legal proceedings, nor is it aware of any pending or threatened litigation, that would have a material adverse effect on the Company's business, operating results, cash flows or financial condition should such litigation be resolved unfavorably.

Indemnification—In the ordinary course of business, the Company may provide indemnification of varying scope and terms to customers, vendors, investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of our breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments we could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company has never paid a material claim, nor have it been sued in connection with these indemnification arrangements. As of December 31, 2013 and 2014, the Company has not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements is not probable or reasonably estimable.

Note 11—Capitalization

As of December 31, 2014, the authorized capital stock of the Company consisted of 250 million shares of common stock.

As of December 31, 2014, the Company had reserved for issuance 27.5 million shares of common stock from its available but unissued authorized shares, consisting of 25 million shares issuable upon the exercise of stock options under the Company's Equity Incentive Plan (the "Plan") and warrants to purchase 2.5 million shares of common stock.

On September 3, 2013, the Company issued 200 million shares of common stock in conjunction with the Acquisition, of which 143.5 million were issued to Silver Lake and other investors and 56.5 million were issued to the stockholders of BlackLine Systems, Inc. in exchange for their pre-existing equity interests in BlackLine Systems, Inc. In addition, the Company issued 400,000 shares of common stock for gross proceeds of $400,000 during the 2013 Successor Period.

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On November 19, 2014, the Company raised gross proceeds of $5.0 million from the issuance of 1,785,714 shares of common stock from an existing investor.

In February and May 2014, the Company repurchased in aggregate 225,000 shares of common stock from former employees for $225,000, which are held in treasury stock.

Note 12—Stock options

The Company's board of directors may grant stock options to employees, directors and consultants under the 2014 Equity Incentive Plan (the "2014 Plan"). No options have been granted to consultants. Under the 2014 Plan, the number of shares of common stock to be granted or subject to options or rights may not exceed 25 million. The aggregate number of shares available under the 2014 Plan and the number of shares subject to outstanding options automatically adjusts for any changes in the Company's outstanding common stock by reason of any recapitalization, spin-off, reorganization, reclassification, stock dividend, stock split, reverse stock split, or similar transaction. As of December 31, 2014, 4,270,000 shares were available for grant under the 2014 Plan. The exercise price of incentive stock options may not be less than the fair value of the Company's common stock at the date of grant. The exercise price of incentive stock options granted to individuals that own greater than 10% of the Company's voting stock may not be less than 110% of the fair value of the Company's common stock at the date of grant. Stock options generally vest over four years and have contractual terms of ten years.

A summary of the Company's stock option activity and related information for the year ended December 31, 2014 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2013	—	$ —	—	$ —
Granted	22,070,000	1.07		
Exercised	—	—		
Forfeited	(1,340,000)	1.00		
Outstanding, December 31, 2014	20,730,000	1.07	9.2	35,766,000
Exercisable at December 31, 2014	—	—	—	—
Vested and expected to vest at December 31, 2014	18,022,519	$ 1.07	9.2	$ 31,094,713

The weighted average grant date fair value per share of options granted during the 2013 Predecessor Period and the year ended December 31, 2014 was $0.12 and $0.57, respectively. No stock options were granted in the 2013 Successor Period.

Unrecognized compensation expense relating to stock options was $8.0 million at December 31, 2014 which is expected to be recognized over a weighted-average period of 3.26 years.

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock-based compensation expense for stock option awards for the 2013 Predecessor Period and the year ended December 31, 2014 was as follows (in thousands):

	2013 Predecessor Period	Year ended December 31, 2014
Cost of revenue	$ 86	$ 249
Sales and marketing	124	1,059
Technology and development	330	229
General and administrative	360	480
	$ 900	$ 2,017

Note 13—Defined contribution plan

The Company sponsors a defined contribution retirement plan (the "Plan") that covers substantially all domestic employees. Employees who have completed at least one year of service with the Company are eligible to participate in the Plan. The Company makes matching contributions of 100% of each $1 of the employee's contribution up to the first 3% of the employee's bi-weekly compensation and 50% of each $1 of the employee's contribution up to the next 2% of the employee's bi-weekly compensation. Matching contributions to the Plan totaled $277,000, $147,000 and $949,000 for the 2013 Predecessor Period, the 2013 Successor Period, and the year ended December 31, 2014, respectively.

Note 14—Related party transactions

Notes receivable from stockholders—In 2012 and the 2013 Predecessor Period, certain employees and directors of the Company exercised their respective stock options and executed a separate note agreement with the Company for an aggregate of $484,000 and $293,000, respectively. The notes ranged in length up to 5 years. Interest and principal were due at maturity. The total related principal and interest on the notes of $778,000 was settled in full upon consummation of the Acquisition. As the notes were collateralized solely by the note holder's shares in the Company, the notes were considered stock options for accounting purposes, and were not recorded on the consolidated balance sheet.

Note payable to stockholder—The Company's Chief Executive Officer had an outstanding loan with the Company (the "Note") that was collateralized by any and all assets of the Company. The Note bore interest at 1% over the prime rate per annum. Interest expense on the Note was $21,000 for the 2013 Predecessor Period. The outstanding principal and related interest on the Note was fully paid on September 3, 2013.

Note 15—Geographic information

Revenue by region is classified based on the location of the customer's contracting office. The following table sets forth the Company's revenue by geographic region (in thousands):

	2013 Predecessor Period	2013 Successor Period	Year ended December 31, 2014
United States	$ 21,074	$ 7,626	$ 45,039
International	2,310	957	6,638
	$ 23,384	$ 8,583	$ 51,677

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

No locations outside the United States represented greater than 10% of total revenues.

Substantially all of the Company's property and equipment is located in the United States.

Note 16—Subsequent events

The Company has evaluated subsequent events through October 23, 2015, which is the date the consolidated financial statements were available to be issued.

For the period from January 1, 2015 to October 23, 2015, the Company granted stock options to purchase 10.5 million shares of common stock at a weighted average exercise price of $2.85. The stock options vests over a period of four years. In July and August 2015, the Company's shareholders approved increases to the maximum number of shares issuable under the 2014 Plan to 30.6 million.

SCHEDULE I—CONDENSED PARENT COMPANY FINANCIAL INFORMATION OF BLACKLINE, INC. ("SUCCESSOR")

PARENT COMPANY BALANCE SHEETS
(in thousands, except shares and par values)

	December 31, 2013	December 31, 2014
Assets		
Investment in subsidiaries	$193,852	$183,947
Total assets	$193,852	$183,947
Equity		
BlackLine, Inc. stockholders' equity:		
Common stock, $0.01 par value, 250,000,000 shares authorized, 200,400,000 issued and outstanding as of December 31, 2013 and 202,185,714 issued and 201,960,714 outstanding as of December 31, 2014	$ 2,004	$ 2,022
Treasury Stock, 225,000 shares at cost at December 31, 2014	—	(225)
Additional paid-in capital	198,518	205,572
Accumulated deficit	(6,670)	(23,422)
Total BlackLine, Inc. stockholders' equity	$193,852	$183,947

The accompanying notes are an integral part of these financial statements

SCHEDULE I—CONDENSED PARENT COMPANY FINANCIAL INFORMATION OF BLACKLINE, INC. ("SUCCESSOR") (CONTINUED)

PARENT COMPANY STATEMENTS OF OPERATIONS
(in thousands)

	Period from September 3, 2013 to December 31, 2013	Year Ended December 31, 2014
Equity in undistributed earnings of subsidiary	$ (6,670)	$ (16,752)
Net loss	$ (6,670)	$ (16,752)

The accompanying notes are an integral part of these financial statements

SCHEDULE I—CONDENSED PARENT COMPANY FINANCIAL INFORMATION OF BLACKLINE, INC. ("SUCCESSOR") (CONTINUED)

PARENT COMPANY STATEMENTS OF CASH FLOWS
(in thousands)

	Period from September 3, 2013 to December 31, 2013	Year Ended December 31, 2014
Cash flows from operating activities:		
Net loss	$ (6,670)	$ (16,752)
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity in undistributed earnings of subsidiary	6,670	16,752
Net cash used in operating activities	—	—
Cash flows from investing activities:		
Investment in subsidiary	(144,072)	(4,775)
Net cash used in investing activities	(144,072)	(4,775)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of offering costs	142,064	5,000
Proceeds from long-term debt	20,000	
Repayment of long-term debt	(20,000)	
Repurchase of common stock	—	(225)
Excess tax benefit related to stock options	2,008	—
Net cash provided by financing activities	144,072	4,775
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at the beginning of period	—	—
Cash and cash equivalents at end of period	$ —	$ —
Non-cash financing and investing activities:		
Fair value of common stock issued as consideration for business combination	$ 56,450	$ —

The accompanying notes are an integral part of these financial statements

SCHEDULE I—CONDENSED PARENT COMPANY FINANCIAL INFORMATION OF BLACKLINE, INC. (“SUCCESSOR”) (CONTINUED)

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

Note 1—Basis of presentation

On September 3, 2013, SLS Breeze Holdings, Inc., SLS Breeze Intermediate Holdings, Inc. (“Intermediate Corp”), and SLS Breeze Merger Sub, Inc., formed by Silver Lake Sumeru Fund, LP (“Silver Lake”), acquired BlackLine Systems, Inc. (the “Acquisition”). Prior to the Acquisition, SLS Breeze Holdings, Inc., Intermediate Corp, and SLS Breeze Merger Sub, Inc. had no significant operations. Upon completion of the Acquisition BlackLine Systems, Inc. became indirectly controlled by Silver Lake through SLS Breeze Holdings, Inc. On August 21, 2014, SLS Breeze Holdings, Inc. changed its name to BlackLine, Inc.

The financial statements for BlackLine, Inc. (the “Parent Company”) summarize the results of operations and cash flows of the Parent Company for the period from September 3, 2013 to December 31, 2013 and for the year ended December 31, 2014, and its financial position at December 31, 2013 and 2014. In these statements, the Parent Company’s investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries since the date of the Acquisition. The Parent Company’s share of net loss of its subsidiaries is included in net loss using the equity method of accounting.

The Parent Company financial statements should be read in conjunction with the consolidated financial statements of BlackLine, Inc. for the corresponding periods. Under the terms of agreements governing the $25 million term loan entered into by BlackLine Systems, Inc., a subsidiary of Blackline, Inc., such subsidiary is significantly restricted from making dividend payments, loans or advances to BlackLine Inc. and its subsidiaries. These restrictions have resulted in the restricted net assets (as defined in Rule 4-08(e)(3) of Regulation S-X) of BlackLine Systems, Inc. and its subsidiaries exceeding 25% of the consolidated net assets of BlackLine Inc. and its subsidiaries.

Note 2—Dividends received from subsidiaries

During the period from September 3, 2013 to December 31, 2013 and the year ended December 31, 2014, no dividends were paid to the Parent Company by its subsidiaries.

BLACKLINE, INC. ("SUCCESSOR")
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except shares and par values)

	December 31, 2014	September 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,707	$ 18,015
Accounts receivable, net	18,040	24,979
Deferred sales commissions	1,903	4,463
Deferred tax assets	634	634
Prepaid expenses and other current assets	2,294	2,184
Total current assets	48,578	50,275
Capitalized software development costs, net	1,576	2,599
Property and equipment, net	3,279	10,149
Intangible assets, net	68,920	59,851
Goodwill	163,154	163,154
Other assets	677	1,100
Total assets	$ 286,184	$ 287,128
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,171	$ 4,952
Accrued expenses	7,362	12,118
Deferred revenue	34,574	47,041
Short-term portion of contingent consideration	2,008	2,008
Total current liabilities	47,115	66,119
Term loan, net	25,673	27,681
Common stock warrant liability	5,080	5,250
Deferred rent	1,069	3,111
Contingent consideration	2,818	2,857
Deferred tax liabilities	20,482	10,464
Total liabilities	102,237	115,482
Commitments and contingencies (Note 4)		
Stockholders' equity:		
Common stock, $0.01 par value, 250,000,000 shares authorized, 202,185,714 issued and 201,960,714 outstanding as of December 31, 2014 and 203,530,765 issued and 203,295,765 outstanding as of September 30, 2015	2,022	2,035
Treasury stock, 225,000 shares at cost at December 31, 2014 and 235,000 shares at cost at September 30, 2015	(225)	(254)
Additional paid-in capital	205,572	210,814
Accumulated deficit	(23,422)	(40,949)
Total stockholders' equity	183,947	171,646
Total liabilities and stockholders' equity	$ 286,184	$ 287,128

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

BLACKLINE, INC. ("SUCCESSOR")
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except share and per share amounts)

	Nine Months Ended September 30,	
	2014	2015
Revenues		
Subscription and support	$ 33,513	$ 56,666
Professional services	2,090	2,467
Total revenues	35,603	59,133
Cost of revenues		
Subscription and support	10,511	14,220
Professional services	1,684	2,162
Total cost of revenues	12,195	16,382
Gross profit	23,408	42,751
Operating expenses		
Sales and marketing	20,840	39,694
Research and development	6,730	12,938
General and administrative	8,405	14,968
Total operating expenses	35,975	67,600
Loss from operations	(12,567)	(24,849)
Other expense:		
Interest expense, net	(2,262)	(2,466)
Change in fair value of the common stock warrant liability	(1,970)	(170)
Other expense, net	(4,232)	(2,636)
Loss before income taxes	(16,799)	(27,485)
Benefit from income taxes	(5,827)	(9,958)
Net loss	$ (10,972)	$ (17,527)
Net loss per share, basic and diluted	$ (0.05)	$ (0.09)
Weighted average common shares outstanding, basic and diluted	200,261,813	202,753,714

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

BLACKLINE, INC. ("SUCCESSOR")
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
(in thousands, except shares)

	Common Stock		Treasury Stock, at cost	Additional Paid-in Capital	Accumulated Deficit	Total
	Shares Outstanding	Amount				
Balance at December 31, 2014	201,960,714	$2,022	$ (225)	$205,572	$ (23,422)	$ 183,947
Stock option exercises	1,345,051	13	—	1,326	—	1,339
Stock repurchase	(10,000)	—	(29)	—	—	(29)
Stock-based compensation	—	—	—	3,916	—	3,916
Net Loss	—	—	—	—	(17,527)	(17,527)
Balance at September 30, 2015	203,295,765	$2,035	$ (254)	$210,814	$ (40,949)	$ 171,646

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

BLACKLINE, INC. ("SUCCESSOR")
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2014	2015
Cash flows from operating activities		
Net loss	$(10,972)	$(17,527)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,004	10,630
Accretion of debt discount and paid in kind interest	1,887	2,008
Increase in fair value of common stock warrant liability	1,970	170
Change in fair value of contingent consideration	(586)	39
Stock-based compensation	1,401	3,870
Deferred income taxes	(5,896)	(10,018)
Changes in operating assets and liabilities:		
Accounts receivable	(3,536)	(6,939)
Deferred sales commissions	(614)	(2,560)
Prepaid expenses and other current assets	(291)	110
Other assets	(87)	(220)
Accounts payable	(207)	1,220
Accrued expenses	1,085	4,558
Deferred revenue	12,853	12,467
Deferred rent	130	2,042
Net cash provided by (used in) operating activities	7,141	(150)
Cash flow from investing activities		
Capitalized software development costs	(1,092)	(1,506)
Purchase of property and equipment	(755)	(7,346)
Net cash used in investing activities	(1,847)	(8,852)
Cash flows from financing activities		
Repurchase of common stock	(225)	(29)
Proceeds from exercise of stock options	—	1,339
Net cash provided by (used in) financing activities	(225)	1,310
Net increase (decrease) in cash and cash equivalents	5,069	(7,692)
Cash and cash equivalents, beginning of period	14,855	25,707
Cash and cash equivalents, end of period	$ 19,924	$ 18,015

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

BLACKLINE, INC. ("SUCCESSOR")
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SUPPLEMENTAL CASH FLOW DISCLOSURE (UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2014	2015
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 375	$ 404
Cash paid for income taxes	$ 16	$ 13
Non-cash financing and investing activities		
Capitalized software development costs included in accounts payable and accrued expenses	$ 47	$ 75
Purchases of property and equipment included in accounts payable and accrued expenses	$ 94	$ 1,557
Stock-based compensation capitalized for software development	$ 40	$ 46
Deferred offering costs in accrued expenses	$ —	$ 203

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

BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1—Company overview

BlackLine, Inc. and its subsidiaries (the "Company" or "BlackLine") provide financial accounting close solutions delivered as a Software as a Service ("SaaS"). The Company's solutions enable its customers to address various aspects of their financial close process including account reconciliations, variance analysis of account balances, journal entry capabilities and certain types of data matching capabilities.

The Company is headquartered in Woodland Hills, California and has offices in Chicago, Atlanta, Vancouver, London, Paris, Sydney, Melbourne, and Singapore.

Note 2—Basis of presentation and summary of significant accounting policies

The accompanying condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes for the year ended December 31, 2014 presented elsewhere in this prospectus. The accompanying condensed consolidated balance sheet as of September 30, 2015, the condensed consolidated statements of operations and of cash flows for the nine months ended September 30, 2014 and 2015, and the condensed consolidated statement of stockholders' equity for the nine months ended September 30, 2015 are unaudited. The unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with that used to prepare the audited annual consolidated financial statements and include, in the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair statement of the condensed consolidated financial statements. The operating results for the nine months ended September 30, 2015 are not necessarily indicative of the results expected for the full year ending December 31, 2015.

There have been no significant changes in the accounting policies from those disclosed in the audited consolidated financial statements and the related notes presented elsewhere in this prospectus.

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 the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Segments

Management has determined that the Company has one operating segment. The Company's chief executive officer, who is the Company's chief operating decision maker, reviews financial information on a consolidated and aggregate basis, together with certain operating metrics principally to make decisions about how to allocate resources and to measure the Company's performance.

BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Fair value of financial instruments

ASC 820, *Fair Value Measurements* ("ASC 820") require entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1: Quoted prices in active markets for identical or similar assets and liabilities.

Level 2: Quoted prices for identical or similar assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical or similar assets or liabilities.

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

As of December 31, 2014 and September 30, 2015, the carrying value of cash equivalents, accounts receivable, accounts payable and accrued expenses, approximates fair value due to the short-term nature of such instruments. The carry value of long-term debt, excluding related debt discounts, approximates its fair value based on rates available to the Company for debt with similar terms and maturities.

BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2014 and September 30, 2015 by level within the fair value hierarchy. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$24,870	$ —	$ —	$24,870
Total Assets	24,870	$ —	$ —	$24,870
Liabilities				
Common stock warrant liability	$ —	$ —	$ 5,080	$ 5,080
Contingent consideration	—	—	4,826	4,826
Total Liabilities	$ —	$ —	$ 9,906	$ 9,906

	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$15,842	$ —	$ —	$15,842
Total Assets	$15,842	$ —	$ —	$15,842
Liabilities				
Common stock warrant liability	$ —	$ —	$ 5,250	$ 5,250
Contingent consideration	—	—	4,865	4,865
Total Liabilities	$ —	$ —	$10,115	$10,115

There were no changes to the valuation techniques used to measure asset and liability fair values on a recurring basis during the nine months ended September 30, 2015 from those presented in the audited consolidated financial statements included elsewhere in this prospectus.

The following table summarizes the changes in the common stock warrant liability and contingent consideration liability (in thousands):

	Contingent Consideration	Common Stock Warrant Liability
Fair value as of December 31, 2013	$ 5,607	$ 1,380
Change in fair value	(586)	1,970
Fair value as of September 30, 2014	$ 5,021	$ 3,350

	Contingent Consideration	Common Stock Warrant Liability
Fair value as of December 31, 2014	$ 4,826	$ 5,080
Change in fair value	39	170
Fair value as of September 30, 2015	$ 4,865	$ 5,250

BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Net loss per share

Basic and diluted loss per share is calculated by dividing net loss by the weighted average number of shares of common stock outstanding. As the Company has net losses for the periods presented all potentially dilutive common stock, which are comprised of stock options and warrants, are antidilutive.

As of September 30, 2014 and 2015, the following potentially dilutive shares have been excluded from the calculation of diluted net loss per share attributable to common stockholders because they are anti-dilutive:

	September 30, 2014	September 30, 2015
Options to purchase common stock	20,320,000	28,988,384
Common stock warrants	2,500,000	2,500,000
Total shares excluded from net loss per share	22,820,000	31,488,384

Comprehensive income or loss

ASC 220, *Comprehensive Income*, establishes standards for the reporting and display of comprehensive income or loss and its components in the financial statements. For the nine months ended September 30, 2014 and 2015, the Company had no other comprehensive income (loss) items and therefore, comprehensive loss equaled net loss. Accordingly, a separate statement of comprehensive loss has not been presented.

Recently issued accounting standards

Under the Jumpstart Our Business Startups Act, or the JOBS Act, the Company meets the definition of an emerging growth company. The Company has irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance related to revenue from contracts with customers. 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 or services. The updated standard will replace all existing revenue recognition guidance under GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. In July 2015, the FASB voted to defer the effective date to January 1, 2018, with early adoption beginning January 1, 2017. The Company is evaluating the impact of adopting this guidance on its consolidated financial statements.

In April 2015, the FASB issued new guidance related to the presentation of debt issuance costs, which requires debt issuance costs to be presented in the balance sheet as a direct deduction for the associated debt liability. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The Company early adopted this guidance in connection with the issuance of the prior year financial statements. The adoption resulted in $304,000 of issuance costs as of December 31, 2013 related to its long-term debt being recorded as a reduction in the carrying amount of the debt rather than deferred charges recorded in other assets on the consolidated balance sheet.

BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

In April 2015, the FASB issued new guidance related to the customer's accounting for fees paid in a cloud computing arrangement, which provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The new guidance is effective for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The adoption of the guidance is not expected to have a material impact on the Company's consolidated financial statements.

In November 2015, the Financial Accounting Standards Board, or FASB, issued new guidance related to the balance sheet presentation of deferred tax assets. The new guidance requires that deferred tax liabilities and assets, and any related valuation allowance, are classified as noncurrent in the consolidated balance sheet. The new guidance is effective for annual and interim periods beginning after December 15, 2016. Earlier application of this guidance is permitted as of the beginning of an interim or annual reporting period. The Company has not selected a transition method and is currently evaluating the impact the guidance may have on the Company's financial condition.

Note 3—Accrued expenses

At December 31, 2014 and September 30, 2015, accrued expenses comprise the following (in thousands):

	December 31, 2014	September 30, 2015
Accrued salary and employee benefits	$ 5,786	$ 8,322
Accrued income and other taxes payable	588	231
Accrued construction in progress	—	562
Accrued commissions to third-party partners	512	1,942
Other accrued expenses	476	1,061
	$ 7,362	$ 12,118

Note 4—Commitments and contingencies

Operating leases—The Company has various non-cancelable operating leases for its corporate and international offices. These leases expire at various times through 2023. Certain lease agreements contain renewal options, rent abatement, and escalation clauses and 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.

Contingent consideration—On September 3, 2013, BlackLine Systems, Inc. was acquired by BlackLine, Inc. (the "Acquisition"). In conjunction with the Acquisition, option holders of BlackLine Systems, Inc. were allowed to cancel their stock option rights and receive a cash payment equal to the amount of calculated gain (less applicable expense and other items) had they exercised their stock options and then sold their common shares as part of the Acquisition. As a condition of the Acquisition, the Company is required to pay additional cash consideration to certain equity holders if the Company

BLACKLINE SYSTEMS, INC ("PREDECESSOR") AND BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

realizes a tax benefit from the use of net operating losses generated from the stock option exercises concurrent with the Acquisition. The maximum contingent cash consideration to be distributed is $8.0 million. The fair value of the contingent consideration was $4.8 million and $4.9 million as of December 31, 2014 and September 30, 2015, respectively.

Litigation—From time to time, the Company may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Company is not currently a party to any legal proceedings, nor is it aware of any pending or threatened litigation, that would have a material adverse effect on the Company's business, operating results, cash flows or financial condition should such litigation be resolved unfavorably.

Indemnification—In the ordinary course of business, the Company may provide indemnification of varying scope and terms to customers, vendors, investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of our breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments we could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company has never paid a material claim, nor have it been sued in connection with these indemnification arrangements. As of December 31, 2014 and September 30, 2015, the Company has not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements is not probable or reasonably estimable.

Note 5—Stock options

A summary of the Company's stock option activity and related information for the nine months ended September 30, 2015 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, December 31, 2014	20,730,000	$ 1.07	9.2	$35,766,000
Granted	10,483,884	2.85		
Exercised	(1,345,051)	1.00		
Forfeited	(880,449)	1.98		
Outstanding, September 30, 2015	28,988,384	1.69	8.7	35,027,395
Exercisable at September 30, 2015	3,751,051	1.22	8.6	6,286,595
Vested and expected to vest at September 30, 2015	26,028,386	$ 1.69	8.9	$31,394,081

Unrecognized compensation expense relating to stock options was $17.2 million at September 30, 2015 which is expected to be recognized over a weighted-average period of 3.1 years.

BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Stock-based compensation expense for stock option awards for the nine months ended September 30, 2014 and 2015 was as follows (in thousands):

	Nine Months Ended September 30,	
	2014	2015
Cost of revenues	$ 170	$ 351
Sales and marketing	717	1,747
Technology and development	182	420
General and administrative	332	1,352
	$ 1,401	$ 3,870

The following information represents the weighted average of the assumptions used in Black-Scholes option-pricing model:

	September 30, 2014	September 30, 2015
Expected term (years)	6.25	6.25
Expected volatility	54.1%	49.7%
Risk free interest rate	1.9%	1.7%
Expected dividends	—	—

The table below sets forth information regarding stock options granted subsequent to September 30, 2014:

Grant Date	Number of Shares	Exercise Price at Grant Date	Estimated per Share Fair Value of Common Stock at Grant Date
December 16, 2014	860,000	$ 2.80	$ 2.80
January 15, 2015	310,000	2.80	2.80
March 30, 2015	5,183,884	2.80	2.80
April 6, 2015	50,000	2.80	2.80
May 20, 2015	1,969,000	2.90	2.90
May 30, 2015	1,000,000	2.90	2.90
August 31, 2015	1,971,000	2.90	2.90
November 10, 2015	775,500	3.00	3.00

Note 6—Income taxes

The Company uses an effective tax rate approach for calculating its tax benefit for the nine months ended September 30, 2014 and 2015. The effective tax rate differs from the U.S. federal statutory rate of 34% primarily because of state taxes, net of federal benefit, the change in the value of common stock warrants and contingent consideration which are not deductible for income tax purposes, and valuation allowance for state income taxes. The Company records a valuation allowance against its deferred tax assets to the extent that realization of the deferred tax assets, including consideration of its deferred tax liabilities, is not more likely than not. For 2015, for state income taxes, the Company's deferred assets are estimated to exceed its deferred tax liabilities and given the Company's cumulative losses, management believes that it is not more likely than not that

BLACKLINE, INC ("SUCCESSOR")
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

these deferred tax assets will be realized. Accordingly, the Company has recorded a valuation allowance on its net state deferred tax assets. Taxes for international operations are not material for the nine months ended September 30, 2014 and 2015.

Note 7—Subsequent events

The Company has evaluated subsequent events through February 9, 2016, the date these unaudited condensed consolidated interim financial statements for the nine-month period ended September 30, 2015 were available to be issued.

In November 2015, the Company granted stock options to purchase 775,500 shares of common stock at a weighted average exercise price of $3.00. The stock options vest over a period of four years. In December 2015, the Company's shareholders approved an increase to the maximum number of shares issuable under the 2014 Equity Incentive Plan to 32.0 million.

Shares

BlackLine, Inc.

Common Stock

Goldman, Sachs & Co. **Credit Suisse**

Pacific Crest Securities **Raymond James** **William Blair** **Baird**
a division of KeyBanc Capital Markets

Through and including , 2016 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

Estimated costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of the common stock being registered under this registration statement are as follows:

	Amount to be Paid
SEC registration fee	$ *
FINRA filing fee	*
Exchange listing fee	*
Blue sky fees and expenses	*
Printing and engraving	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous fees and expenses	*
Total	$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

On completion of this offering, our amended and restated certificate of incorporation will contain provisions that eliminate, to the maximum extent permitted by the General Corporation Law of the State of Delaware, the personal liability of our directors and executive officers for monetary damages for breach of their fiduciary duties as directors or officers. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that we must indemnify our directors and executive officers and may indemnify our employees and other agents to the fullest extent permitted by the General Corporation Law of the State of Delaware.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation may indemnify any person made a party to an action by reason of the fact that he or she was a director, executive officer, employee or agent of the corporation or is or was serving at the request of a corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of an action by or in right of the corporation, no indemnification may generally be made in respect of any claim as to which such person is adjudged to be liable to the corporation.

We have entered into indemnification agreements with our directors and executive officers, in addition to the indemnification provided for in our amended and restated certificate of incorporation and amended and restated bylaws, and intend to enter into indemnification agreements with any new directors and executive officers in the future.

We have purchased and intend to maintain insurance on behalf of each and any person who is or was one of our directors or officers against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

The Underwriting Agreement (Exhibit 1.1 hereto) provides for indemnification by the underwriters of us and our executive officers and directors for certain liabilities, including liabilities arising under the Securities Act of 1933, as amended, or the Securities Act.

See also the undertakings set out in response to Item 17 herein.

Item 15. Recent Sales of Unregistered Securities.

Since our formation on August 5, 2013 through September 30, 2015, we have made the following sales of unregistered securities:

1. Common Stock Issuances

In September 2013, we issued and sold an aggregate of 143,550,000 shares of our common stock to four investors at $1.00 per share, for aggregate gross cash proceeds of $143,550,000. We issued an aggregate of 56,450,000 shares of our common stock to 16 stockholders in exchange for all the issued and outstanding shares of BlackLine Systems, Inc., in connection with the Acquisition.

On October 21, 2014, we issued 1,785,714 shares of our common stock to one investor at $2.80 per share, for aggregate gross cash proceeds of $5,000,000.

2. Warrant Issuance

On September 25, 2013, in conjunction with our $25,000,000 term loan, we issued warrants to purchase up to an aggregate of 2,500,000 shares of our common stock at an exercise price of $1.00 per share. The warrants have an exercise period of ten years, and may be exercised in cash or through a cashless exercise, in which case the holder will receive a number of shares having a value net of the exercise price.

3. Option Plan Grants and Exercises

Since our formation on August 5, 2013 through September 30, 2015, we granted to our officers, directors, employees, consultants, and other service providers options to purchase an aggregate of 32,553,884 shares of common stock under our 2014 Equity Incentive Plan at exercise prices ranging from $1.00 to $2.90 per share. Of the options granted, options to purchase 1,000,000 shares of common stock were granted to two non-employee directors at exercise prices of $1.00 and $2.90 per share, options to purchase 6,300,884 shares of common stock were granted to three executives at exercise prices ranging from $1.00 to $2.90 per share and options to purchase 25,253,000 shares of common stock were granted to 442 other employees and consultants at exercise prices ranging from $1.00 to $2.90 per share.

Since our formation on August 5, 2013 through September 30, 2015, we issued and sold to 40 employees and consultants and other service providers an aggregate of 1,345,051 shares of common stock upon exercise of options under our 2014 Equity Incentive Plan at an exercise price of $1.00 per share.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering.

The offers, sales and issuances of the securities described in this Item 15 were deemed to be exempt from registration under the Securities Act under either (1) Rule 701 promulgated under the Securities Act as offers and sales of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701 or (2) Section 4(a)(2) of the Securities

Act as transactions by an issuer not involving any public offering. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the stock certificates and instruments issued in such transactions. All recipients had adequate access, through their relationships with us, to information about us.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

See the Exhibit Index immediately following the signature page hereto for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules.

"Schedule I—Condensed Parent Company Financial Information" is filed as part of this registration statement and is incorporated herein by reference.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue. The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Woodland Hills, State of California, on , 2016.

BlackLine, Inc.

By: _____
Name: Therese Tucker
Title: Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints , jointly and severally, as such person's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, and full power to act without the other, for such person and in such person's name, place and stead and to execute in the name and on behalf of such person, individually and in each capacity stated below, and to file this Registration Statement on Form S-1 of BlackLine, Inc. and any or all amendments (including post-effective amendments) thereto, and any registration statement relating to the same offering as this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated below:

Signature	Title	Date
Therese Tucker	Director and Chief Executive Officer (Principal Executive Officer)	, 2016
Mark Partin	Chief Financial Officer	, 2016
Jason Babcoke	Director	, 2016
John Brennan	Director	, 2016
William Griffith	Director	, 2016

Signature	Title	Date
Hollie Haynes	Director	, 2016
Graham Smith	Director	, 2016
Mario Spanicciati	Director	, 2016
Thomas Unterman	Director	, 2016

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EXHIBIT INDEX

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement.
2.1	Agreement and Plan of Merger, by and among SLS Breeze Holdings, Inc, SLS Breeze Intermediate Holdings, Inc., SLS Breeze Merger Sub, Inc. and BlackLine Systems, Inc., dated as of August 9, 2013.
3.1	Amended and Restated Certificate of Incorporation, as amended and currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation to be effective upon completion of this offering.
3.3	Amended and Restated Bylaws, as amended and currently in effect.
3.4*	Form of Amended and Restated Bylaws to be effective upon completion of this offering.
4.1*	Specimen Common Stock Certificate of the Company.
4.2	Warrant to Purchase Stock held by Special Value Continuation Partners, LP, dated as of September 25, 2013.
4.3	Warrant to Purchase Stock held by Tennenbaum Opportunities Fund VI, LLC, dated as of September 25, 2013.
4.4	Warrant to Purchase Stock held by Tennenbaum Senior Loan Fund II, LP, dated as of September 25, 2013.
4.5	Warrant to Purchase Stock held by Tennenbaum Senior Loan SPV III, LLC, dated as of September 25, 2013.
4.6	Warrant to Purchase Stock held by Tennenbaum Senior Loan Fund IV-B, LP, dated as of September 25, 2013.
4.7	Subscription Agreement, by and between the Company and Iconiq, dated as of October 21, 2014.
4.8*	Form of Stockholder Agreement, by and among the Company, Silver Lake, Iconiq, Therese Tucker and Mario Spanicciati, to be effective upon completion of this offering.
4.9*	Form of Registration Rights Agreement, by and among the Company, Silver Lake, Iconiq and Therese Tucker, to be effective upon completion of this offering.
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation.
10.1*	Software Development Cooperation Agreement, by and between the Company and SAP AG, effective as of October 1, 2013.
10.2	Credit Agreement, dated as of September 25, 2013, by and among the Company, the lenders party thereto and Obsidian Agency Services, Inc.
10.3+	2014 Equity Incentive Plan and form of equity agreements thereunder.
10.4+	Amendment No. 1 to the 2014 Equity Incentive Plan.
10.5+	Amendment No. 2 to the 2014 Equity Incentive Plan.
10.6+	Amendment No. 3 to the 2014 Equity Incentive Plan.
10.7*+	2016 Equity Incentive Plan and form of equity agreements thereunder, to be in effect upon completion of this offering.
10.8*+	2016 Stock Employee Stock Purchase Plan and form of equity agreements thereunder, to be in effect upon completion of this offering.
10.9*+	Form of Indemnification Agreement by and between the Company and each of its directors and executive officers.

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Exhibit Number	Description of Document
10.10*	Restrictive Covenant Agreement, by and between the Company and Therese Tucker, dated August 8, 2013.
10.11*	Restrictive Covenant Agreement, by and between the Company and Mario Spanicciati, dated August 9, 2013.
16.1	Letter on Change in Certifying Accountant.
21.1	List of subsidiaries of the Company.
23.1*	Consent of Independent Registered Public Accounting Firm.
23.2*	Consent of Wilson Sonsini Goodrich & Rosati, Processional Corporation (included in Exhibit 5.1).
24.1*	Power of Attorney (included in signature pages hereto).

* To be filed by amendment.
\+ Indicates management contract or compensatory plan.

Exhibit 2.1

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

SLS BREEZE HOLDINGS, INC.,

SLS BREEZE INTERMEDIATE HOLDINGS, INC.,

SLS BREEZE MERGER SUB, INC.,

AND

BLACKLINE SYSTEMS, INC.

Dated as of August 9, 2013

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "Agreement") is entered into as of August 9, 2013, by and among SLS Breeze Holdings, Inc., a Delaware corporation ("Parent"); SLS Breeze Intermediate Holdings, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Intermediate Corp"), SLS Breeze Merger Sub, Inc., a California corporation and a wholly owned subsidiary of Intermediate Corp ("Merger Sub"), and BlackLine Systems, Inc., a California corporation (the "Company").

RECITALS

WHEREAS, each of the respective boards of directors of Parent, Intermediate Corp, Merger Sub and the Company have declared advisable and approved this Agreement and the merger of Merger Sub with and into the Company on the terms and conditions contained herein (the "Merger") and in accordance with the California General Corporation Law, Sections 100 *et seq*. (the "CGCL");

WHEREAS, the holders of a majority of the issued and outstanding shares of Common Stock (as defined herein), have approved this Agreement and the Merger by written consent in accordance with the CGCL (the "Company Shareholder Approval");

WHEREAS, in connection with the transactions contemplated hereby, prior to the Effective Time, Therese Tucker, Mario Spanicciati, and any other Rollover Stockholders will contribute certain shares of Common Stock to Parent pursuant to the Contribution and Exchange Agreement (the "Contribution"); and

WHEREAS, in connection with the transactions contemplated hereby, Therese Tucker, Mario Spanicciati, Dominick DiPaolo, Jeff Adler, Greg Burns, Justin Byers, James Baez-Silva, Charlie Reyerson Gaulke and David Adler have each entered into certain restrictive covenant agreements, each dated as of the date hereof and effective as of the Closing Date, with Parent.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements and conditions contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I
DEFINITIONS

1.1 Defined Terms. For the purposes of this Agreement, the following capitalized terms shall have the meanings ascribed to them below:

"Affiliate" means, with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

"Aggregate Closing Consideration" means an amount in cash equal to the Total Purchase Price, plus the Executive Note Amount, minus the Closing Adjustment, minus the Closing Date Disbursements.

"Aggregate Merger Consideration" means an amount in cash equal to the Common Stock Merger Consideration, plus the Option Merger Consideration.

"Agreement" has the meaning ascribed to it in the Preamble hereto.

"Agreement of Merger" has the meaning ascribed to it in Section 2.3.

"Alternative Transaction" means a transaction, or series of related transactions, other than the transactions contemplated hereby involving (i) the acquisition of a material portion of the assets of the Company and its Subsidiaries, taken as a whole, (ii) the acquisition of beneficial ownership of a material portion of the outstanding equity securities of the Company, (iii) a tender offer or exchange offer that, if consummated, would result in any Person beneficially owning a material portion of any class of outstanding equity securities of the Company, or (iv) any merger, consolidation or other business combination, recapitalization or similar transaction.

"Auction" means the process undertaken by the Company involving the potential disposition to one or more competing bidders of all or a portion of the equity interests in the Company and/or the potential investment by one or more potential investors in securities of the Company.

"Balance Sheet Date" has the meaning ascribed to it in Section 4.6.

"Business" means the business conducted by the Company and its Subsidiaries.

"Business Day" means any day other than a Saturday or a Sunday or a day on which banks located in Los Angeles, California, generally are authorized or required by Law to close.

"Bylaws" has the meaning ascribed to it in Section 2.6.

"Certificates" has the meaning ascribed to it in Section 3.4(b).

"CGCL" has the meaning ascribed to it in the Recitals hereto.

"Charter" has the meaning ascribed to it in Section 2.5.

"Closing" has the meaning ascribed to it in Section 2.2.

"Closing Adjustment" has the meaning ascribed to it in Section 3.6.

"Closing Date" has the meaning ascribed to it in Section 2.2.

"Closing Bonuses" means an aggregate of up to Two Million Eight Hundred Thousand Dollars ($2,800,000) (including the impact of Three Hundred Thousand Dollars ($300,000) of Taxes) of cash bonuses or other retention measures payable or deliverable by the Company to its employees at or prior to the Closing, or during the sixty (60) day period thereafter.

"Closing Date Disbursements" means the sum of (i) the Company Transaction Expenses paid by Intermediate Corp pursuant to Section 2.4, (ii) the Escrow Amount, and (iii) the Note Payment.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means common stock, no par value per share, of the Company.

"Common Stock Closing Consideration" means an amount in cash equal to (i) the Aggregate Closing Consideration, plus the aggregate amount of the per share exercise price of all Options issued and outstanding as of immediately prior to the Effective Time, all divided by (ii) the aggregate number of shares of Common Stock issued and outstanding, or issuable subject to Options, as of immediately prior to the Effective Time, in each case, excluding the shares of Common Stock subject to the Contribution, as set forth in the certificate contemplated by Section 6.13.

"Common Stock Escrow Amount" means an amount in cash equal to (i) the Returned Escrow Amounts, if any, divided by (ii) the aggregate number of shares of Common Stock issued and outstanding, or issuable subject to Options, as of immediately prior to the Effective Time, as set forth in the certificate contemplated by Section 6.13.

"Common Stock Merger Consideration" has the meaning ascribed to it in Section 3.1(b).

"Company" has the meaning ascribed to it in the Preamble hereto.

"Company Disclosure Schedules" means the disclosure schedules to this Agreement delivered by the Company to Parent as of the date hereof.

"Company Financial Statements" has the meaning ascribed to it in Section 4.6.

"Company Fund" has the meaning ascribed to it in Section 3.4(a).

"Company Indebtedness" means, without duplication, all Indebtedness of the Company and its Subsidiaries as of the Closing.

"Company Shareholder Approval" has the meaning ascribed to it in the Recitals.

"Company Shareholders" means the holders of Common Stock as of immediately prior to the Effective Time.

"Company Shareholders' Representative" has the meaning ascribed to it in Section 11.17.

"Company Stock Plan" means the Company's 2005 Stock Option Plan, as amended and restated.

"Company Transaction Expenses" means the fees and expenses of Munger, Tolles & Olson LLP and Evercore Capital Partners incurred in connection with the transactions contemplated by this Agreement (including the employer portion of any payroll Taxes payable with respect to the Option Merger Consideration), and all other costs, fees and expenses incurred by the Company or any of its Subsidiaries in connection with this Agreement and the consummation (or the preparation for the consummation) of the transactions contemplated hereby and the Auction and any alternative transaction considered or pursued in connection therewith, in each case to the extent unpaid as of the Closing.

"Confidentiality Agreement" means that certain Confidentiality Agreement, dated as of April 22, 2013, by and between BlackLine Systems, Inc. and Silver Lake Management Company Sumeru, L.L.C.

"Consent" means the consent or approval of a third-party Person, except, for the avoidance of doubt, for Governmental Approvals.

"Continuing Employee" has the meaning ascribed to it in Section 6.5(a).

"Contract" means any written agreement, contract, instrument or legally binding commitment.

"Contribution" has the meaning ascribed to it in the Recitals.

"Contribution and Exchange Agreement" means that certain Contribution and Exchange Agreement, dated as of the date hereof, by and among Parent, Silver Lake Sumeru Fund, L.P., Iconiq Strategic Partners, L.P., and the Rollover Stockholders.

"Credit Facility" means that certain Loan and Security Agreement, dated April 19, 2011, by and the Company and Silicon Valley Bank, as amended**.**

"Damages" has the meaning ascribed to it in Section 10.2(d).

"Dissenters Costs" means the amount, if any, by which (a) the amount paid to holders of Dissenting Shares that have perfected (and not waived, withdrawn or otherwise lost) their rights pursuant to Chapter 13 of the CGCL exceeds (b) the portion of the Aggregate Closing Consideration that would have been paid to such holders pursuant to the terms of this Agreement with respect to such Dissenting Shares if no demand for appraisal had been made by the holders of such shares.

"Dissenting Shares" has the meaning ascribed to it in Section 3.2.

"DOJ" has the meaning ascribed to it in Section 6.2(a).

"Effective Time" has the meaning ascribed to it in Section 2.3.

"Employee" means an employee of the Company or any of its Subsidiaries.

"Employee Benefit Plan"means (i) each "employee benefit plan" (within the meaning of Section 3(3) of ERISA) and (ii) each other pension, retirement, deferred compensation, excess benefit, profit sharing, bonus, incentive, equity or equity-based, employment, consulting, severance, change-of-control, retention, health, life, disability, group insurance, vacation, holiday and material fringe benefit plan, program, contract, or arrangement (whether written or unwritten, qualified or nonqualified, funded or unfunded), in any case, maintained, contributed to, or required to be contributed to, by the Company or any of its Subsidiaries for the benefit of any current or former employee, director, officer or independent contractor of the Company or any of its Subsidiaries or under which the Company or any of its Subsidiaries has any liability, but in all cases, excluding any multiemployer plan, as described in Section 3(37) of ERISA and any plan maintained by a Governmental Authority.

"Equity Holders" means the Company Shareholders and the Option Holders.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow & Exchange Agent" means Wells Fargo Bank, National Association.

"Escrow Account" has the meaning ascribed to it in Section 3.5.

"Escrow Agreement" means that certain Escrow Agreement, in the form of Exhibit A, by and between Parent, Intermediate Corp, the Company Shareholders' Representative and the Escrow & Exchange Agent, with respect to the Escrow Amount.

"Escrow Amount" means an amount in cash equal to Ten Million Dollars ($10,000,000).

"Escrow Release Date" has the meaning ascribed to it in Section 3.5.

"Exchange Fund" has the meaning ascribed to it in Section 3.4(a).

"Executive Note Amount" means the aggregate amount (including accrued and unpaid interest) of the notes payable to the Company by the Company Shareholders listed on Section 1.1(A) of the Company Disclosure Schedules in the amounts (including as to accrued and unpaid interest) for each such Company Shareholder as set forth on Section 1.1(A) of the Company Disclosure Schedules (such notes, the "Executive Notes").

"Existing D&O Policies" has the meaning ascribed to it in Section 6.8(b).

"FTC" has the meaning ascribed to it in Section 6.2(a).

"Future Proceedings" has the meaning ascribed to it in Section 11.18.

"GAAP" means U.S. generally accepted accounting principles as in effect from time to time, consistently applied.

"Government Conditions" has the meaning ascribed to it in Section 6.2(b).

"Governmental Approval" means an authorization, consent, approval, certification, permit or license of, or a filing, registration or qualification with, a Governmental Authority.

"Governmental Authority" means any foreign, federal, state, or local court or other governmental or regulatory authority, agency or body exercising executive, legislative, judicial, or regulatory functions.

"Governmental Prohibition" has the meaning ascribed to it in Section 7.3.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"HSR Fees" means the filing fees in connection with any filings required under the HSR Act.

"Indebtedness" means, as of any date of determination, without duplication, (i) all indebtedness of a Person for borrowed money or in respect of loans or advances, (ii) all obligations of a Person evidenced by bonds, notes, debentures, letters of credit, bankers acceptances or similar instruments, (iii) all obligations of a Person to pay the deferred purchase price of property or services with respect to which such Person is liable, contingently or otherwise, as obligor or otherwise (but excluding trade account payables), (iv) all liabilities and obligations arising from deferred compensation arrangements and all liabilities and obligations under severance plans or arrangements, bonus plans or similar arrangements, in each case payable solely as a result of the consummation of the transactions contemplated hereby (except for the Closing Bonuses, to the extent paid at or prior to Closing), (v) all guarantees of any of the foregoing or any other indebtedness guaranteed in any manner by a Person (including guarantees in the form of an agreement to repurchase or reimburse), and (vi) all accrued interest, prepayment premiums or penalties related to the payment of each of the foregoing.

"Indemnified D&O Parties" has the meaning ascribed to it in Section 6.8(a).

"Indemnified Party" has the meaning ascribed to it in Section 10.2(c).

"Indemnifying Party" has the meaning ascribed to it in Section 10.2(c).

"Insured Parties" has the meaning ascribed to it in Section 6.8(b).

"Intellectual Property" means all of the following in any jurisdiction throughout the world: (i) patents, patent applications and patent disclosures (including design patents, design rights, utility models and other similar registered rights); (ii) trademarks, service marks, trade dress, trade names, corporate names, logos and slogans (and all translations, adaptations, derivations and combinations of the foregoing) and Internet domain names, together with all goodwill associated with each of the foregoing; (iii) copyrights and copyrightable works; (iv) registrations and applications for any of the foregoing; (v) trade secrets, know-how and inventions, including algorithms; and (vi) software, but expressly excluding any "off the shelf," "click wrap," and commercially available software and software services.

"Knowledge" means the actual knowledge of (i) with respect to the Company, Therese Tucker, Mario Spanicciati, Chuck Best, Michael Rauch, Trish Burr and Dominick DiPaolo, (ii) with respect to any other entities, the executive officers of such entity, and (iii) with respect to any individuals, such individual.

"Latest Balance Sheet Date" has the meaning ascribed to it in Section 4.6.

"Laws" means any and all foreign, federal, state, or local statutes, codes, orders, ordinances, rules and regulations enacted, promulgated or issued and put into effect by a Governmental Authority with appropriate authority.

"Leased Real Property" means all leasehold or subleasehold estates held by the Company or any of its Subsidiaries.

"Liens" mean any security interests, liens, pledges, mortgages, deeds of trust, or charges.

"Major Contract" has the meaning ascribed to it in Section 4.9(a).

"Material Adverse Effect" means any change, effect, event or occurrence that is or would reasonably be expected to be, individually or when taken together with all other changes, effects, events or occurrences, materially adverse to (i) the validity or enforceability of this Agreement or the transactions contemplated hereby or (ii) the business, condition (financial or otherwise) or results of operations of the Business, taken as a whole, other than any effect arising from or related to (a) general business, economic, political, social, legal or regulatory conditions, events or changes, (b) the industry in which the Company and its Subsidiaries operate, (c) financial, banking or securities markets (including any disruption thereof), (d) changes in applicable Law or GAAP (or interpretations thereof), (e) outbreak of hostilities, terrorist attack (whether against a nation or otherwise), war, or natural disasters, (f) any failure by the Company or its Subsidiaries to meet any estimates or projections (provided that the facts and circumstances underlying any such failure may, except as provided in clauses (a), (b), (c),

(d), (e), (g) or (h) of this definition, be considered in determining whether a Material Adverse Effect has occurred), (g) the announcement or pendency of the Auction, this Agreement or the transactions contemplated hereby, including any effect arising from or relating to the identity of Parent, Intermediate Corp or Merger Sub (or their respective Affiliates), or (h) the performance or consummation of the transactions contemplated hereby; provided, that, that in the case of the foregoing clauses (a), (b), (c), (d), and (e), such matters do not adversely affect the Company and its Subsidiaries (taken as a whole) in a materially disproportionate manner relative to other companies operating in the industries in which the Company and its Subsidiaries operate.

"Material Software" means all proprietary computer programs and software, whether in source, executable code, binary code, and object code, including related documentation and data, developed by or for the Company, comprising the "BlackLine Financial Close Suite" product, including all prior, current, and in-process versions and releases, but expressly excluding any "off the shelf," "click wrap," and commercially available software and software services; provided, however, that for purposes of Section 4.14(f) of this Agreement, "Material Software" shall not include any prior versions or releases.

"Merger Sub" has the meaning ascribed to it in the Preamble.

"Merrill Datasite" means the information contained in the virtual data room made available to Parent, Intermediate Corp and their Affiliates and/or their respective Representatives, as of 5:00 p.m. (Los Angeles time) on the Business Day prior to the date hereof, including the documents, questions and answers, and other data posted thereon as of such time and date, as well as any other documents otherwise made available to the extent included on any index included in such virtual data room as of such time and date.

"Note" has the meaning ascribed to it in Section 2.4.

"Note Payment" has the meaning ascribed to it in Section 2.4.

"Option" means an option granted under the Company Stock Plan (whether or not then vested or exercisable) that represents the right to acquire shares of Common Stock.

"Option Closing Consideration" means, with respect to each share of Common Stock subject to an Option, an amount in cash equal to the Common Stock Closing Consideration, minus the applicable per share exercise price.

"Option Holders" means the holders of outstanding Options under the Company Stock Plan.

"Option Merger Consideration" has the meaning ascribed to it in Section 3.3.

"Order" means any order, injunction, judgment, decree, ruling, or writ of a Governmental Authority.

"Ordinary Course of Business" means the conduct of the Business in a manner substantially consistent with past practice.

"Outside Date" has the meaning ascribed to it in Section 9.1(b).

"Parent" has the meaning ascribed to it in the Preamble hereto.

"Parent Indemnified Parties" has the meaning ascribed to it in Section 10.2(a).

"Paying Agent Agreement" means that certain Paying Agent Agreement, in the form of Exhibit B, by and between Parent, Intermediate Corp, the Company Shareholders' Representative and the Escrow & Exchange Agent, with respect to the payment of the Common Stock Merger Consideration.

"Permitted Exceptions" means (i) any Liens for Taxes that are not yet due and payable, that are not yet subject to penalties for delinquent nonpayment, or that are being contested in good faith by appropriate proceedings and for which adequate reserves are maintained in accordance with GAAP, (ii) any Liens in favor of vendors, carriers, warehousemen, repairmen, mechanics, workmen, materialmen, construction or similar Liens arising by operation of law or in the Ordinary Course of Business that do not, individually or in the aggregate, materially impair the current use and enjoyment of any material property or asset of the Company and its Subsidiaries, (iii) any zoning, building code, land use, planning, entitlement, environmental or similar Laws or regulations imposed by any Governmental Authority that do not, individually or in the aggregate, materially impair the current use and enjoyment of any material property or asset of the Company and its Subsidiaries, (iv) any Liens that will be discharged or released either prior to, or substantially simultaneous with, the Closing, (v) any Liens created by Parent, Intermediate Corp or any of their Affiliates, and (vi) any such other Liens, imperfections of title and other similar matters that do not, individually or in the aggregate, materially impair the current use and enjoyment of any material property or asset of the Company and its Subsidiaries.

"Person" means any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization or other entity of any kind or nature.

"Pre-Closing Tax Period" means (i) any Tax period ending the day before the Closing Date and (ii) with respect to any Straddle Period, the portion of such period ending the day before the Closing Date.

"Proceeding" means any action, proceeding, audit, hearing, litigation or suit (whether civil, criminal, or administrative) before any Governmental Authority.

"Pro Rata Share" means, with respect to each Equity Holder, the percentage represented by a fraction, the numerator of which is the sum of (i) the aggregate number of shares of Common Stock held by such Equity Holder immediately

prior to the Effective Time (and after the Contribution), plus (ii) the aggregate number of shares of Common Stock issuable upon exercise of all outstanding Options held by such Equity Holder immediately prior to the Effective Time (and after the Contribution), and the denominator of which is the aggregate number of shares of Common Stock issued and outstanding, or issuable subject to Options, as of immediately prior to the Effective Time, excluding the shares of Common Stock subject to the Contribution.

"Representatives" means a Person's directors, officers, agents, attorneys, accountants, advisers and representatives.

"Returned Escrow Amounts" has the meaning ascribed to it in Section 3.5.

"Rollover Commitment" has the meaning ascribed to it in the Contribution and Exchange Agreement.

"Rollover Stockholders" has the meaning ascribed to it in the Contribution and Exchange Agreement.

"Seller Indemnified Parties" has the meaning ascribed to it in Section 10.2(b).

"Straddle Period" means any Tax period beginning on or before the day before the Closing Date and ending after the Closing Date.

"Subsidiary" of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than fifty percent (50%) of the voting power or capital stock is owned or controlled directly or indirectly by such Person, or one or more of the Subsidiaries of such Person, or a combination thereof.

"Surviving Corporation" has the meaning ascribed to it in Section 2.1.

"Tax Authority" means any Governmental Authority or any subdivision, agency, commission or authority thereof having jurisdiction with respect to any Tax.

"Tax Benefit Amount" means the amount by which (a) the amount of Taxes that Parent, Intermediate Corp, the Company, the Surviving Corporation and their Subsidiaries (or their successors) would have been required to pay in any applicable tax period but for the Tax Benefit exceeds (b) the amount of Taxes actually payable by such persons in such period, in each case without regard to any subsequent acquisitions, mergers or similar transactions involving a Parent Entity.

"Tax Contest" means any inquiry, claim, assessment, audit or similar event with respect to Taxes, including any action described in Section 6.9(b).

"Tax Returns" means any returns, declarations, reports, claims for refund, or information returns or statements relating to Taxes, including any schedule or attachment thereto and any amendment thereof, filed or required to be filed with any Tax Authority.

"Taxes" means any federal, state, local, or non-U.S. income, gross receipts, license, wages, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, customs duty, capital, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, unclaimed property or escheat, sales, use, transfer, transaction, registration, value-added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Third Party Claims" has the meaning ascribed to it in Section 10.2(c).

"Total Purchase Price" means an amount in cash equal to $210,000,000 minus the aggregate Rollover Commitment of the Rollover Stockholders.

"Transfer Taxes" has the meaning ascribed to it in Section 6.9(b).

1.2 Interpretation. Unless the context clearly indicates otherwise: (a) each definition herein includes the singular and the plural, (b) each reference herein to any gender includes the masculine, feminine and neuter where appropriate, (c) the words "include" and "including" and variations thereof shall not be deemed terms of limitation, but rather shall be deemed to be followed by the words "without limitation," (d) the words "hereof," "herein," "hereto," "hereby," "hereunder" and derivative or similar words refer to this Agreement as an entirety and not solely to any particular provision of this Agreement, (e) each reference in this Agreement to a particular Article, Section, Exhibit or Schedule means an Article or Section of, or an Exhibit or Schedule to, this Agreement, unless another agreement is specified, (f) any definition of or reference to any agreement, instrument, document, statute or regulation herein shall be construed as referring to such agreement, instrument, document, statute or regulation as it may from time to time be amended, supplemented or otherwise modified, and (g) all references to "$" or "Dollars" shall mean U.S. Dollars.

ARTICLE II
THE MERGER; CLOSING; EFFECTIVE TIME

2.1 The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the CGCL, Merger Sub shall be merged with and into the Company at the Effective Time. At the Effective Time, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation in the Merger (the "Surviving Corporation").

2.2 Closing. The closing of the Merger (the "Closing") shall take place at 9:00 a.m. (Pacific Time) on (a) August 28, 2013; provided, that if any of the conditions to Closing set forth in ARTICLE VII hereof (other than those conditions that by their nature are to be satisfied at the Closing, but subject to satisfaction or waiver thereof at Closing) have not been satisfied or waived by the party entitled to the benefit thereof on or prior to

such date, then the Closing shall take place, and the parties hereto shall consummate Closing, on the the third (3rd) Business Day after satisfaction or waiver of all of the conditions to the Closing set forth in ARTICLE VII hereof (other than those conditions that by their nature are to be satisfied at the Closing, but subject to satisfaction or waiver thereof at Closing), or (b) any other date agreed to in writing by the parties hereto (the "Closing Date"), at or directed from the offices of Munger, Tolles & Olson LLP, 355 South Grand Avenue, Los Angeles, California 90071.

2.3 Effective Time. Subject to the provisions of this Agreement, as soon as practicable on the Closing Date, the parties hereto shall file with the Secretary of State of the State of California (a) an agreement of merger (the "Agreement of Merger"), executed and acknowledged in accordance with the relevant provisions of the CGCL, (b) a certificate executed on behalf of the Company by an executive officer thereof complying with Section 1103 of the CGCL and (c) a certificate executed on behalf of Merger Sub by an executive officer thereof complying with Section 1103 of the CGCL, and, as soon as practicable on or after the Closing Date, shall make all other filings or recordings required under the CGCL. The Merger shall become effective upon the filing and acceptance of the Agreement of Merger with the Secretary of State of the State of California (the "Effective Time").

2.4 Closing Payments and Deposits. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, (a) Intermediate Corp shall deliver to the Escrow & Exchange Agent, to such account of the Escrow & Exchange Agent as set forth in the Paying Agent Agreement, the Aggregate Closing Consideration, less (i) the Option Closing Consideration and (ii) the Executive Note Amount, pursuant to the terms set forth in Section 3.4, (b) Intermediate Corp shall deliver to the Company the Option Closing Consideration pursuant to the terms set forth in Section 3.4, and (c) Intermediate Corp shall pay (i) the Company Transaction Expenses by wire transfer in immediately available funds to such account or accounts as set forth in the certificate contemplated by Section 6.13, (ii) the Escrow Amount, to such account of the Escrow & Exchange Agent as set forth in the Escrow Agreement, and (iii) an amount in cash (the "Note Payment") required to pay, in full, the note payable to Therese Tucker described on Section 2.4 of the Company Disclosure Schedules (the "Note") to Therese Tucker by wire transfer in immediately available funds to such account as specified by her.

2.5 The Articles of Incorporation. The articles of incorporation of Merger Sub in effect immediately prior to the Effective Time shall be the articles of incorporation of the Surviving Corporation (the "Charter"), until duly amended as provided therein or by applicable Law.

2.6 The Bylaws. The bylaws of Merger Sub in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation (the "Bylaws"), until duly amended as provided therein or by applicable Law.

2.7 Directors. The directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Charter and the Bylaws.

2.8 Officers. The officers of Merger Sub at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Charter and the Bylaws.

ARTICLE III
CONVERSION OF COMMON STOCK

3.1 Manner and Basis of Converting Common Stock.

(a) Merger Sub Common Stock. Each share of common stock of Merger Sub that is issued and outstanding as of the Effective Time shall, by operation of law and by virtue of the Merger, be converted into a validly issued, fully paid and non-assessable share of common stock, no par value, of the Surviving Corporation, and such common stock of the Surviving Corporation will constitute all of the issued and outstanding shares of capital stock of the Surviving Corporation immediately following the Effective Time.

(b) Conversion of Common Stock. Subject to Section 3.1(c), as of the Effective Time, by operation of law and by virtue of the Merger and without any action on the part of any Company Shareholder, each issued and outstanding share of Common Stock (other than any Dissenting Shares) shall be converted into the following (the "Common Stock Merger Consideration"): (i) the right to receive an amount in cash equal to the Common Stock Closing Consideration, and (ii) subject to Section 3.5 hereof, the right to receive an amount in cash equal to the Common Stock Escrow Amount, if any. Pursuant to the terms of the Executive Notes, the Common Stock Closing Consideration payable to any Company Shareholder who is party to an Executive Note shall be reduced by the amount of such Executive Note outstanding as of immediately prior to the Effective Time.

(c) Cancellation of Parent-Owned Stock. At the Effective Time, each share of Common Stock that is owned by Parent immediately prior to the Effective Time shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and no consideration shall be delivered or deliverable in exchange therefor. For the avoidance of doubt, the shares of Common Stock contributed to Parent in the Contribution shall not be converted into the right to receive any portion of the Common Stock Merger Consideration.

(d) Cancellation and Retirement of Common Stock. At the Effective Time, all shares of Common Stock that are issued and outstanding immediately prior to the Effective Time shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a Certificate representing any such shares of Common Stock shall cease to have any rights with respect thereto, except for the right to receive the Common Stock Merger Consideration, and except for any rights that may attach pursuant to the CGCL with respect to Dissenting Shares upon surrender of such Certificate in accordance with Section 3.4.

3.2 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, shares of Common Stock issued and outstanding immediately prior to the Effective Time that are held by any holder who is entitled to exercise and has properly and validly exercised dissenters' rights in accordance with Chapter 13 of the CGCL ("Dissenting Shares") shall not be converted into the right to receive the Common Stock Merger Consideration, but instead shall be converted into the right to receive payment from the Surviving Corporation with respect to such Dissenting Shares in accordance with the CGCL unless and until such holder shall have failed to perfect or shall have effectively withdrawn or lost such holder's right under the CGCL. At the Effective Time, holders of Dissenting Shares shall cease to have any rights with respect thereto, except the right to receive payment of the "fair market value" of such Dissenting Shares held by them in accordance with the provisions of such Chapter 13. All Dissenting Shares held by holders who shall have failed to perfect or who effectively shall have withdrawn or lost their rights under such Chapter 13 shall thereupon be deemed to have been converted into and to have become exchangeable for the right to receive the Common Stock Merger Consideration, as of the Effective Time, upon surrender, in the manner provided in Section 3.4(b), of the Certificate or Certificates that formerly evidenced such Dissenting Shares. Prior to the Closing Date, the Company shall keep Parent reasonably notified of any demands under such Chapter 13 and attempted withdrawals of such notices or demands, and Parent shall have the opportunity to reasonably participate in and reasonably direct all material negotiations, petitions and proceedings with respect to such demands. Prior to the Effective Time, the Company shall not, without the prior written consent of Parent (which may be given or withheld in its sole discretion), make any payment with respect to, or settle or offer to settle, any such demands, or agree to do any of the foregoing.

3.3 Treatment of Options. As of the Effective Time, each Option that is outstanding and unexercised immediately prior to the Effective Time, whether or not then exercisable, shall no longer be outstanding and shall automatically be cancelled and converted into the following (the "Option Merger Consideration") less any amounts required to be deducted and withheld under any applicable Tax Law: (a) the right to receive an amount in cash equal to the Option Closing Consideration, and (b) subject to Section 3.5 hereof, the right to receive an amount in cash equal to the Common Stock Escrow Amount, if any. At the Effective Time, all Options shall expire and each holder of a Certificate representing any such Options shall cease to have any rights with respect thereto, except for the right to receive the Option Merger Consideration.

3.4 Payment for and Exchange of Common Stock and Options.

(a) Establishment of Funds. At the Closing, Intermediate Corp shall deposit in trust (i) with the Escrow & Exchange Agent, the Aggregate Closing Consideration, less the Option Closing Consideration, to be paid to the Company Shareholders, and (ii) with the Company, the Option Closing Consideration to be paid to the Option Holders, and (iii) with the Escrow & Exchange Agent, the Escrow Amount in

accordance with Section 3.5. Amounts deposited pursuant to Section 3.4(a)(i) shall be referred to as the "Exchange Fund". Amounts deposited pursuant to Section 3.4(a)(ii) shall be referred to as the "Company Fund". The Exchange Fund and the Company Fund shall not be used for any purpose other than the payment of the aggregate Common Stock Closing Consideration and Option Closing Consideration, respectively, in accordance with the terms of this Agreement.

(b) Exchange of Certificates. Promptly after the Effective Time, but no later than one (1) Business Day following the Closing Date, Intermediate Corp shall cause the Escrow & Exchange Agent to mail or otherwise deliver to each record holder as of the Effective Time of certificates or option grants which immediately prior to the Effective Time represented shares of Common Stock or Options, respectively (collectively, the "Certificates") a letter of transmittal (which shall (i) specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Escrow & Exchange Agent (if such Certificates represent shares of Common Stock) or to the Company (if such Certificates represent Options), and (ii) include provisions appointing the Shareholders' Representative and acknowledging the obligations of the Equity Holders under ARTICLE X), and instructions for use in effecting the surrender of the Certificates and payment therefor. Upon surrender to the Escrow & Exchange Agent or the Company, as applicable, of a Certificate, together with such letter of transmittal properly completed and duly executed, the holder of such Certificate shall be entitled to the following:

(i) with respect to Common Stock, excluding the shares of Common Stock subject to the Contribution, an amount in cash equal to the sum of (A) the product of (i) the Common Stock Closing Consideration, multiplied by (ii) the number of shares of Common Stock represented by such Certificate, minus, with respect to any Company Shareholder who is party to an Executive Note, the amount of such Executive Note outstanding as of immediately prior to the Effective Time, and (B) the product of (i) any Common Stock Escrow Amount, multiplied by (ii) the number of shares of Common Stock represented by such Certificate; and

(ii) with respect to Options, an amount in cash equal to the sum of (A) the product of (i) the Option Closing Consideration, multiplied by (ii) the number of Options represented by such Certificate, and (B) the product of (i) any Common Stock Escrow Amount, multiplied by (ii) the number of Options represented by such Certificate.

Each Certificate so surrendered shall be cancelled. All payments of Option Closing Consideration and Common Stock Closing Consideration with respect to such cancelled Certificates shall be made by the Escrow & Exchange Agent or the Company, respectively, as promptly as reasonably practicable in accordance with Section 3.4(a) from the Aggregate Merger Consideration.

(c) No Further Ownership Rights in Company After Common Stock Exchanged for Merger Consideration. At the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of

transfers of shares of Common Stock on the records of the Company. From and after the Effective Time, the holders of Certificates evidencing ownership of shares of Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such securities, except as otherwise provided for herein or by Law. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be cancelled and exchanged for the Common Stock Merger Consideration or the Option Merger Consideration, as applicable, as provided in this Agreement.

(d) Termination of Exchange Fund. At any time following the date that is twelve (12) months after the date that the Escrow Amount is disbursed or depleted in full, Intermediate Corp or the Surviving Corporation shall be entitled to require the Escrow & Exchange Agent to deliver to it any funds (including any interest received with respect thereto) which had been deposited with the Escrow & Exchange Agent, and that have not been disbursed to holders of Certificates and thereafter such holders shall be entitled to look only to Intermediate Corp or the Surviving Corporation (subject to abandoned property, escheat or other similar laws) as general creditors thereof with respect to the payment of any Common Stock Merger Consideration or Option Merger Consideration that may be payable to such Person, as determined pursuant to this Agreement. Notwithstanding the foregoing, none of Intermediate Corp, the Surviving Corporation or the Escrow & Exchange Agent shall be liable to any holder of a Certificate for any Common Stock Merger Consideration or Option Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(e) Transfers of Ownership. If any portion of the Common Stock Merger Consideration, or Option Merger Consideration, as the case may be, is to be paid to a Person other than the Person in whose name the Certificate is registered, it shall be a condition of the exchange or payment that such Certificate shall be properly endorsed or otherwise in proper form for transfer and that the Person requesting such exchange or payment shall pay any Transfer Taxes required by reason of the exchange or payment to a Person other than the registered holder of such Certificate or establish to the reasonable satisfaction of Intermediate Corp that such Tax has been paid or is not applicable.

(f) Taxes. Intermediate Corp, the Company or the Surviving Corporation, as the case may be, shall be entitled to deduct and withhold from consideration otherwise payable to Option Holders pursuant to this Agreement such amounts as are required to be deducted and withheld with respect to the making of such payment under applicable Tax Law. To the extent that amounts are so withheld, (i) such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder in respect of which such deduction and withholding was made, (ii) shall be remitted by Intermediate Corp, the Surviving Corporation or the Escrow & Exchange Agent, as applicable, to the applicable Governmental Authority, and (iii) Intermediate Corp, the Company or the Surviving Corporation, as the case may be, shall provide to such Option Holder written notice of the amounts so deducted or withheld.

(g) Lost, Stolen or Destroyed Certificates. In the event any Certificate shall have been lost, stolen or destroyed, the Escrow & Exchange Agent shall issue and pay in exchange for such lost, stolen or destroyed Certificate, the portion of the Common Stock Merger Consideration or Option Merger Consideration, as the case may be, payable pursuant to the terms of this Agreement; *provided, however,* that Intermediate Corp may, in its discretion and as a condition precedent to the issuance and payment thereof, require the owner of such lost, stolen or destroyed Certificate to deliver to Intermediate Corp an affidavit of loss, theft or destruction in customary form, but in no case shall Intermediate Corp, the Company or the Escrow & Exchange Agent require the posting by any such owner of a bond, as indemnity against any claim that may be made against Parent, Intermediate Corp, Merger Sub, the Surviving Corporation, the Company or any of their respective directors, officers, employees, Subsidiaries, Affiliates or agents with respect thereto.

3.5 Escrow Amount. At the Closing, Intermediate Corp shall deposit the Escrow Amount into an interest-bearing account (the "Escrow Account") with the Escrow & Exchange Agent, and the Escrow Amount shall remain in escrow subject to the terms of this Agreement and the Escrow Agreement until twelve (12) months following the Closing Date (the "Escrow Release Date") (subject to the terms of the Escrow Agreement relating to then-outstanding indemnification claims). With respect to (a) any amounts remaining in the Escrow Account on the Escrow Release Date (subject to the terms of the Escrow Agreement relating to then-outstanding indemnification claims) or (b) any amounts released at a later date following resolution of a claim pending on the Escrow Release Date (all such amounts under clauses (a) and (b), the "Returned Escrow Amounts"), (i) the portion of such amount allocable to the Company Shareholders entitled to payment thereof pursuant to Section 3.1(b) shall be immediately distributed pursuant to Section 3.4(b) and (ii) the portion of such amount allocable to the Option Holders entitled to payment thereof pursuant to Section 3.3 shall be remitted to the Surviving Corporation for immediate distribution pursuant to Section 3.4(b). Returned Escrow Amounts, if any, which are payable to Option Holders shall be paid in accordance with the provisions of Treasury Regulations Section 1.409A-3(i)(5)(iv)(A) relating to transaction based compensation, including the provisions contained therein relating to the receipt of such amounts that are payable within the short term deferral period following the lapse of a substantial risk of forfeiture.

3.6 Closing Adjustment. At least two (2) Business Days prior to the Closing Date, the Company shall deliver to Intermediate Corp a statement (the "Closing Statement"), setting forth the Company's good-faith calculation of the Closing Adjustment and all components thereof. The Closing Statement shall be accompanied by a certificate executed on behalf of the Company by a senior financial officer thereof stating that the Closing Statement has been prepared in accordance with this Agreement. The "Closing Adjustment" shall mean an amount equal to (i) the Company Indebtedness (except to the extent included in the Closing Date Disbursements), plus (ii) the Company Transaction Expenses (except to the extent included in the Closing Date Disbursements).

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Each representation and warranty contained in this ARTICLE IV is qualified by disclosures made in the Company Disclosure Schedules. Any fact or item which is disclosed in any section or sections of the Company Disclosure Schedules in such a way as to make its relevance to any other representation, warranty or covenant made in this Agreement or to the information called for by any other section of the Company Disclosure Schedules reasonably apparent shall be deemed to be an exception to such representation, representations and/or covenant and to be disclosed on such other section, as the case may be, notwithstanding the omission of a reference or cross reference thereto. Except with respect to matters set forth in the Company Disclosure Schedules, the Company hereby represents and warrants to Parent, Intermediate Corp and Merger Sub, as of the date hereof and as of the Closing Date, as follows:

4.1 Organization and Good Standing. The Company and each of its Subsidiaries (a) is an entity duly incorporated or organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or organization, (b) has the requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on the Business, and (c) is duly qualified to transact business and in good standing in each jurisdiction in which the ownership or leasing of its properties or the conduct of the Business makes such qualification necessary, except where failures to be so qualified or in good standing would not have a Material Adverse Effect. All corporate actions taken or to be taken by the Company in connection with this Agreement have been duly authorized.

4.2 Authority and Enforceability; Ownership of Shares.

(a) The Company has all requisite corporate power and authority to execute and deliver this Agreement, the Escrow Agreement and the Paying Agent Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, the Escrow Agreement and the Paying Agent Agreement by the Company, its performance of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms and conditions, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, preference, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a Proceeding in equity or at law) and except that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any Proceeding may be brought.

(b) All of the issued and outstanding shares of Common Stock are owned beneficially and of record by the Company Shareholders as set forth on Section 4.2(b) of the Company Disclosure Schedules free and clear of all Liens. A complete and accurate list of each issued and outstanding Option as of the date hereof (including the name of the Option Holder and the applicable exercise price thereof) is set forth on Section 4.2(b) of the Company Disclosure Schedules.

4.3 Non-Contravention. Subject to the provisions of Section 4.4 regarding Consents, the execution and delivery of this Agreement by the Company do not, and the Company's performance hereunder and the consummation of the transactions contemplated hereby shall not, (a) violate any provision of the articles of incorporation or bylaws or other organizational documents of the Company or any of its Subsidiaries, (b) violate or constitute a breach of or default under, or permit termination, modification or acceleration under, any Major Contract, except where such violations, breaches, defaults, terminations, modifications and accelerations would not have a Material Adverse Effect, (c) violate any Law applicable to the Company or any of its Subsidiaries or any Order to which the Company or any of its Subsidiaries is subject, except where such violations would not have a Material Adverse Effect, or (d) result in the creation of any Lien upon any shares of the Company's or any Subsidiary's capital stock or any of the Company's or any Subsidiary's assets (except to the extent created by any action of Parent, Intermediate Corp or their Affiliates).

4.4 Consents. The execution and delivery by the Company of this Agreement, the Company's performance hereunder, and the consummation of the transactions contemplated hereby do not, and will not, (a) require any Consent under any Major Contract, except where failures to obtain such Consents would not have a Material Adverse Effect, or (b) any Governmental Approval, except (i) the Agreement of Merger, (ii) under the HSR Act, and (iii) where failures to obtain such Governmental Approvals would not have a Material Adverse Effect.

4.5 Capitalization; Subsidiaries.

(a) The Company has an authorized capitalization consisting of 1,000,000,000 shares of Common Stock, of which 116,962,750 shares of Common Stock are issued and outstanding as of the date hereof. All of the issued and outstanding shares of Common Stock have been duly and validly authorized and are duly and validly issued, fully paid and non-assessable, and none of them have been issued in violation of preemptive or similar rights. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other agreements or rights to purchase or otherwise acquire any shares of capital stock of the Company, and no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights for which the Company has any liability.

(b) Section 4.5(b) of the Company Disclosure Schedules sets forth for each Subsidiary of the Company: (i) the name of such Subsidiary and its jurisdiction of incorporation or organization, (ii) its authorized capitalization, and (iii) the number of issued and outstanding shares of each class of its capital stock or units of other equity

interests. All of the issued and outstanding shares of capital stock or units of other equity interests of each such Subsidiary have been duly and validly authorized and are duly and validly issued, fully paid and non-assessable, and none of them have been issued in violation of preemptive or similar rights. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other agreements or rights to purchase or otherwise acquire any shares of capital stock or units of other equity interests of such Subsidiary, and no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights for which such Subsidiary has any liability.

4.6 Financial Statements. Attached to Section 4.6 of the Company Disclosure Schedules are the following financial statements (collectively, including the notes contained therein, the "Company Financial Statements"): (i) the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at December 31, 2012 (the "Balance Sheet Date") and as at December 31, 2011, and the related audited consolidated statements of operations, shareholders' deficit and cash flows for the Company and its consolidated Subsidiaries for the fiscal years ended on December 31, 2012, and December 31, 2011, and (ii) the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as at June 30, 2013 (the "Latest Balance Sheet Date"), and the related unaudited consolidated statements of operations, shareholders' deficit and cash flows for the Company and its consolidated Subsidiaries for the six (6)-month period then ended. The Company Financial Statements have been prepared in accordance with GAAP during the periods referred to in the Company Financial Statements, and fairly present in all material respects in accordance with GAAP the financial condition of the Company and its consolidated Subsidiaries on a consolidated basis as of their respective dates, and the results of operations and cash flows of the Company and its consolidated Subsidiaries on a consolidated basis for the respective periods indicated therein (subject, in the case of the unaudited Company Financial Statements, to normal and recurring year-end adjustments that are not material in amount or nature and the absence of notes).

4.7 Absence of Certain Changes or Events. Except as otherwise contemplated, required or permitted by this Agreement, from the Balance Sheet Date to the date hereof, neither the Company nor any of its Subsidiaries has taken any action of the type prohibited by Section 6.1. Since the Balance Sheet Date, there has not occurred any change, event or circumstance that has resulted in, or would reasonably be expected to result in, a Material Adverse Effect.

4.8 Undisclosed Liabilities. The Company and its Subsidiaries do not have any liabilities or obligations (whether absolute, accrued, contingent or otherwise) except for liabilities or obligations (a) reflected or reserved against in the Company Financial Statements, (b) that have arisen after the Latest Balance Sheet Date in the Ordinary Course of Business, (c) disclosed in this Agreement or in the Company Disclosure Schedules, (d) incurred pursuant to this Agreement, and (e) that would not have a Material Adverse Effect.

4.9 Major Contracts.

(a) Section 4.9(a) of the Company Disclosure Schedules sets forth each contract and agreement to which the Company or any of its Subsidiaries is a party as of the date hereof, and (i) the performance of which by its express terms, without taking into consideration options or similar renewals (whether automatic or elective), requires aggregate payments after the date hereof by or to the Company or any of its Subsidiaries in excess of $150,000 during any twelve-month period, and that cannot be cancelled by the Company without penalty or without more than 180 days' notice, (ii) which provides for the employment or compensation of any Employee, independent contractor or consultant, requires aggregate annual salary and cash bonus or other payments in excess of $50,000, and is not terminable without material penalty, (iii) except for agreements relating to trade receivables, which relates to the incurrence of Indebtedness of the Company or any of its Subsidiaries, (iv) which contains covenants limiting in any material respect the freedom of the Company or any of its Subsidiaries to compete or engage in any line of business in any place, (v) which is a partnership, joint venture agreement, strategic alliance or similar arrangement requiring aggregate payments after the date hereof by or to the Company or any of its Subsidiaries in excess of $50,000, (vi) which involves a license (either as licensee or licensor), royalty, sharing or development of Scheduled Intellectual Property (other than licenses from a third party of generally commercially available, "off the shelf" and "click wrap" software programs and services and other than licenses to customers in connection with the Company's legacy business), or (vii) which are between or among the Company or any of its Subsidiaries on the one hand and an Affiliate of (A) the Company or (B) any of its Subsidiaries on the other hand (each of the agreements listed pursuant to (i) through (vii), a "Major Contract" and collectively, the "Major Contracts").

(b) All of the Major Contracts are in full force and effect in all material respects (except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, preference, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a Proceeding in equity or at law) and except that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any Proceeding may be brought) and none of the Company or its Subsidiaries or, to the Knowledge of the Company, any other party thereto (solely as of the date hereof) is in breach thereof or default thereunder, which breach or default has not been excused or waived, except where such breaches and defaults would not have a Material Adverse Effect. The Company has no current contracts with any of its BlackLine Financial Close Suite customers that contain provisions requiring the Company to renew the contract solely at the customer's election on terms adverse to the Company in any material respect with respect to pricing, payment terms, customer usage limitations, or scope of products or services, except for terms that allow a lower price per user upon reaching a specific increased volume of users.

4.10 Litigation. There is no, and during the past two (2) years there has been no, Proceeding, at law or in equity, pending against or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries, nor is there any Order outstanding against either the Company or any of its Subsidiaries, in each case

except where the adverse outcome or effect of which would not have a Material Adverse Effect. To the Knowledge of the Company, during the three (3) years immediately preceding the past two (2) years there has been no Proceeding, at law or in equity, against the Company or any of its Subsidiaries.

4.11 Compliance with Laws.

(a) The Company and each of its Subsidiaries are and during the past two (2) have been in compliance in all respects with all applicable Laws, Orders and Governmental Approvals, except where failures to so comply would not have a Material Adverse Effect. To the Knowledge of the Company, during the three (3) years immediately preceding the past two (2) years the Company and each of its Subsidiaries have been in compliance in all respects with all applicable Laws, Orders and Governmental Approvals, except where failures to so comply would not have a Material Adverse Effect.

(b) Neither the Company nor any of its Subsidiaries has received, at any time in the past two (2) years, any written notice or any other communication from any Governmental Authority or any other Person regarding (i) any actual or alleged violation of, or failure to comply in any material respect with, any Law, (ii) any actual or alleged obligation on the part of the Company or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature, or (iii) any investigation with respect to the foregoing. To the Knowledge of the Company, during the two (2) years immediately preceding the past three (3) years neither the Company nor any of its Subsidiaries has received any written notice or any other communication from any Governmental Authority or any other Person regarding (i) any actual or alleged violation of, or failure to comply in any material respect with, any Law, (ii) any actual or alleged obligation on the part of the Company or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature, or (iii) any investigation with respect to the foregoing.

4.12 Licenses. The Company and each of its Subsidiaries have obtained all Governmental Approvals necessary to carry on the Business and to own, operate, use and maintain their respective assets as they are now owned, operated, used and maintained, except where failures to possess such Governmental Approvals would not have a Material Adverse Effect.

4.13 Properties.

(a) Neither the Company nor any of its Subsidiaries owns any real property.

(b) Section 4.13(b) of the Company Disclosure Schedules sets forth the street address of each parcel of Leased Real Property. Except for Permitted Exceptions and for matters that would not have a Material Adverse Effect, the Company is not in breach of or default under any lease for any Leased Real Property, which breach or default has not been excused or waived, except where such breaches and defaults, terminations, modifications and accelerations would not have a Material Adverse Effect.

(c) The Company and each of its Subsidiaries owns, has a valid leasehold interest in or has the valid and enforceable right to use all material tangible assets necessary for the conduct of its business as presently conducted.

4.14 Intellectual Property; Software.

(a) Section 4.14(a) of the Company Disclosure Schedules sets forth a true and complete list of all (i) registered trademarks and applications for trademark registration of the Company; (ii) registered domain names of the Company; (iii) patent applications and patent registrations of the Company; and (iv) registered copyrights and applications for copyright registration of the Company (collectively, the "Scheduled Intellectual Property"). The Company solely owns, free and clear of any Lien, all Scheduled Intellectual Property and Material Software (but, with respect to Material Software developed by independent contractors, only to the extent that title may become vested in software in connection with an independent contractor relationship under applicable Law and subject to statutory rights of reversion and termination). The Material Software and the Scheduled Intellectual Property collectively comprise all of the Intellectual Property that is material to the operation of the Company's business as presently conducted.

(b) To the Knowledge of the Company, the use of any Scheduled Intellectual Property or Material Software by the Company and its Subsidiaries does not infringe on or otherwise violate the rights of any Person, except where such infringements, violations and failures to be in accordance would not have a Material Adverse Effect.

(c) Neither the Company nor any of its Subsidiaries has received during the two (2) years prior to the date hereof any written notice of any pending third-party claim with respect to any Scheduled Intellectual Property or Material Software, the adverse outcome of which would have a Material Adverse Effect.

(d) To the Knowledge of the Company, no Person is infringing on or otherwise violating, in any material respect, any right of the Company with respect to any Scheduled Intellectual Property or Material Software.

(e) The Material Software of the Company has been developed by persons who were, at the time of development, either (i) employees of the Company or (ii) party to "work-for-hire" arrangements with the Company, or who have executed instruments of assignment in favor of the Company as assignee of any intellectual property rights underlying the Material Software.

(f) The Company has scanned the Material Software prior to the date hereof for viruses and other malware using customary virus detection software and such scans have not resulted in reports of any such viruses or other malware. None of the

Material Software is subject to any "copyleft" or similar obligations that require the disclosure or licensing of any source code underlying any Material Software. The Material Software conforms substantially to the most recently-published specifications and documentation relating thereto.

(g) No government funding has been used to develop the Material Software. The Company has exercised all commercially reasonable efforts to preserve in accordance with normal industry practices any trade secrets it may have covering the Material Software. None of the Material Software is subject to any software escrow agreement with a third party.

(h) The representations and warranties set forth in this Section 4.14 are the Company's sole and exclusive representations and warranties regarding Intellectual Property and Material Software matters.

4.15 Taxes.

(a) All Tax Returns that were required to be filed with any Tax Authority by or on behalf of the Company and its Subsidiaries have been duly and timely filed (or extensions have been duly obtained), each such Tax Return was true, correct, and complete in all material respects, and all Taxes due and payable by the Company and its Subsidiaries have been paid to the appropriate Tax Authority on or before the due date for payment thereof.

(b) There are no material Liens, except for Permitted Exceptions, for Taxes upon any of the assets of the Company or its Subsidiaries.

(c) All material Taxes that the Company and its Subsidiaries have been required to collect or withhold have been duly collected or withheld and, to the extent required, have been duly paid to the proper Tax Authority.

(d) No Tax audits or administrative or judicial Tax proceedings are pending or being conducted with respect to the Company or any of its Subsidiaries, and no deficiencies for Taxes with respect to the Company or its Subsidiaries have been claimed, proposed or assessed in writing by any Tax Authority, which deficiency has not yet been settled. The Company and its Subsidiaries have not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency (apart from waivers or agreements that are no longer in effect).

(e) The Company and its Subsidiaries have not been members of an affiliated group filing a consolidated federal income Tax Return, other than a group the common parent of which is the Company. Neither the Company nor any of its Subsidiaries is a party to any Tax allocation or sharing agreement.

(f) The Company has been a validly electing "S corporation" within the meaning of Sections 1361 and 1362 of the Code at all times since June 21, 2001 and the Company will be an S corporation up to and including the day before the Closing Date. In the past ten (10) years, the Company has not acquired assets with a carryover basis (in whole or in part) from a "C corporation," as defined by Section 1361(a)(2) of the Code. Each of the Company's Subsidiaries is an entity that is disregarded as separate from the Company for federal and all applicable state and local income Tax purposes. The IRS has not challenged in writing or, to the Knowledge of the Company, threatened to challenge the status of the Company as an S corporation for federal income Tax purposes under the Code.

(g) No written claim has been made within the past three (3) years by a Tax Authority in a jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that the Company or any of its Subsidiaries is or may be subject to Taxes assessed by such jurisdiction.

(h) The Company has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 or 361 of the Code.

(i) Neither the Company nor any of its Subsidiaries has participated in any "listed transaction" as defined in the Treasury Regulations promulgated under Section 6011 of the Code.

(j) Except for certain representations related to Taxes in Section 4.16(g), the representations and warranties set forth in this Section 4.15 are the Company's sole and exclusive representations and warranties regarding Tax matters.

4.16 Employee Benefits.

(a) As applicable with respect to each Employee Benefit Plan, the Company has made available to Parent in the Merrill Datasite (i) true and complete copies of all such Employee Benefit Plans, including all amendments thereto (and in the case of an unwritten Employee Benefit Plan, a written description thereof), (ii) the current trust documents, investment management contracts, custodial agreements and insurance contracts relating thereto, (iii) the current summary plan description and each summary of material modifications thereto, (iv) the most recently filed annual report (Form 5500 and all schedules thereto), (v) the most recent Internal Revenue Service determination or opinion letter and each currently pending application for the same, and (vi) the most recent summary annual report, actuarial report, financial statement and trustee report.

(b) There are no pending or, to the Knowledge of the Company, threatened audits or investigations by any Governmental Authority involving any Employee Benefit Plan. There are no pending claims (except for claims for benefits payable in the normal operations of any such Employee Benefit Plan) or Proceedings, at law or in equity, relating to any Employee Benefit Plan.

(c) Each Employee Benefit Plan has been operated, administered, funded and maintained, in form and operation, in all material respects in accordance with its terms and applicable Laws, including ERISA and the Code. All contributions, premiums or other payments that are due have been paid on a timely basis with respect to each Employee Benefit Plan.

(d) Each Employee Benefit Plan that is intended to meet the requirements of a "qualified plan" under Section 401(a) of the Code has received a determination letter from the Internal Revenue Service to the effect that it meets the requirements of Section 401(a) of the Code, or with respect to a prototype Employee Benefit Plan, the prototype sponsor has received a favorable Internal Revenue Service opinion letter, or such Employee Benefit Plan or prototype sponsor has remaining a period of time under applicable Code regulations or pronouncements of the Internal Revenue Service in which to apply for such a letter and make any amendments necessary to obtain a favorable determination or opinion as to the qualified status of each such Employee Benefit Plan. No events have occurred with respect to any such Employee Benefit Plan that would reasonably be expected to adversely affect such qualified status.

(e) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will result in, cause the accelerated vesting, funding or delivery of, or increase the amount or value of, any payment or benefit to any Employee under any Employee Benefit Plan, except as expressly set forth in such Employee Benefit Plan or as expressly provided in this Agreement.

(f) No Employee Benefit Plan is a defined benefit pension plan. No Employee Benefit Plan is subject to Part 3, Subtitle B of Title I of ERISA or Title IV of ERISA. Neither the Company nor any of its Subsidiaries has ever contributed to, or been required to contribute to any "multiemployer plan" (within the meaning of Section 3(37) of ERISA) and neither the Company nor any of its Subsidiaries has any liability (contingent or otherwise) with respect to any multiemployer plan or other plan subject to Title IV of ERISA, including liabilities relating to the withdrawal or partial withdrawal from a multiemployer plan. Neither the Company nor any of its Subsidiaries has any current or potential obligation to provide post-employment health, life or other welfare benefits other than as required under Section 4980B of the Code or any similar applicable law.

(g) No payment which is or may be made by, from or with respect to any Employee Benefit Plan, either alone or in conjunction with any other payment, event or occurrence, will or could reasonably be characterized as an "excess parachute payment" under Section 280G of the Code. Each Employee Benefit Plan that constitutes a "non-qualified deferred compensation plan" within the meaning of Section 409A of the Code both complies with the requirements of Section 409A of the Code by its terms and has been maintained and operated in good faith in compliance with the requirements of Section 409A of the Code, no amounts under any such Employee Benefit Plan is or has been subject to the interest and additional tax set forth under Section 409A(a)(1)(B) of the Code and neither the Company nor any of its Subsidiaries has any obligation to gross-up or indemnify any individual with respect to any such tax.

(h) The representations and warranties set forth in this Section 4.16 are the Company's sole and exclusive representations and warranties regarding employee benefit matters.

4.17 Employment Matters.

None of the Company or any of its Subsidiaries is a party to any collective bargaining agreement, and, to the Knowledge of the Company, there are no organizational campaigns, petitions, or other unionization activities seeking to authorize representation of any Employee. The Company and its Subsidiaries are in compliance in all material respects with all applicable Laws pertaining to employment and employment practices, including provisions thereof relating to wages, hours, equal opportunity, fair labor standards, nondiscrimination, workers compensation, collective bargaining, and employment classification. There are no Proceedings against the Company pending, or to the Knowledge of the Company, threatened to be brought or filed, by or with any Governmental Authority or other Person in connection with the employment of any current or former employee of the Company or any of its Subsidiaries, including any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay or any other similar employment related matter arising under applicable employment Laws.

4.18 Board Approval; Vote Required.

(a) The board of directors of the Company, at a meeting duly called and held or by written consent, has unanimously approved this Agreement and the transactions contemplated hereby, and declared it advisable for the Company to enter into this Agreement and consummate the transactions contemplated hereby.

(b) Other than the Company Shareholder Approval, no vote or consent of any holder of the Company's capital stock is necessary for the consummation of the transactions contemplated hereby by the Company.

4.19 Related Party Transactions. There is no indebtedness for borrowed money owed by the Company or any of its Subsidiaries to any shareholder, director, officer or employee of the Company or any of its Subsidiaries or any other Employee, or any immediate family member of any of the foregoing. No shareholder, director, officer or employee of the Company or any of its Subsidiaries or any other Employee, or any immediate family member of any of the foregoing, (a) owns, in whole or in part, assets used in the Business, (b) provides or causes to be provided services to the Company or its Subsidiaries, other than in his or her capacity as a shareholder, director, officer or employee of the Company or any of its Subsidiaries; or (c) is party to any Contract with the Company or any of its Subsidiaries.

4.20 Brokers and Finders. Except for Evercore Capital Partners, whose fee is included in the Company Transaction Expenses, no agent, broker, investment banker, intermediary, finder or firm acting on behalf of the Company or any of its Subsidiaries is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, from the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement, the Company's performance hereunder, or the consummation of the transactions contemplated hereby.

4.21 Customers and Vendors. Section 4.21 of the Company Disclosure Schedules sets forth (a) a list of the top fifty (50) customers of the Company and its Subsidiaries on a consolidated basis (by revenues recognized during the applicable year in accordance with GAAP with respect to such customers) and (b) a list of the top five (5) vendors of the Company and its Subsidiaries on a consolidated basis (by volume of purchases from such vendors), for the fiscal years ended December 31, 2012 and 2011. As of the date hereof, neither the Company nor any of its Subsidiaries has received any oral or written notice from any such customer listed with respect to the fiscal year ended December 31, 2012, to the effect that, and neither the Company nor any of its Subsidiaries has any Knowledge that, any such customer will stop, decrease the rate of, or change the terms (whether related to payment, price or otherwise) in a manner adverse to the Company or its Subsidiaries with respect to, buying products from the Company or its Subsidiaries (whether as a result of the consummation of the transactions contemplated hereby or otherwise). As of the date hereof, neither the Company nor any of its Subsidiaries has received any written notice from any such vendor listed with respect to the fiscal year ended December 31, 2012, to the effect that such vendor will stop, decrease the rate of, or change the terms (whether related to payment, price or otherwise) with respect to, supplying materials, products or services to the Company or its Subsidiaries (whether as a result of the consummation of the transactions contemplated hereby or otherwise). There are no suppliers of products or services to the Company or its Subsidiaries that are necessary for the operation of the Business with respect to which reasonably practical alternative sources of supply are not generally available on comparable collective terms and conditions in the marketplace as of the date hereof.

4.22 No Other Representations or Warranties. Except for the representations and warranties contained in this ARTICLE IV, the Company does not make any express or implied representation or warranty with respect to the Business, the Company or any of its Subsidiaries, the transactions contemplated hereby, or any information provided to Parent, Intermediate Corp, or any of their Affiliates or Representatives in connection with the transactions contemplated hereby, including the accuracy, completeness or currency thereof. No Person shall have or be subject to any liability to Parent, Intermediate Corp, the Sponsors or any other Person resulting from the distribution or failure to distribute to Parent, Intermediate Corp, the Sponsors or any of their Affiliates or Representatives, or Parent's, Intermediate Corp's, a Sponsor's or any other Person's use of, any such information, including any information, documents, projections, forecasts of other material made available in certain "data rooms" or management presentations in expectation of the transactions contemplated hereby, unless any such information is expressly included in a representation or warranty contained in this ARTICLE IV.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PARENT, INTERMEDIATE CORP AND MERGER SUB

Parent, Intermediate Corp and Merger Sub hereby jointly and severally represent and warrant to the Company, as of the date hereof, as follows:

5.1 Organization and Good Standing. Each of Parent, Intermediate Corp and Merger Sub is a corporation (a) duly incorporated, validly existing and in good standing under the Laws of the State of Delaware (in the case of Parent and Intermediate Corp) and California (in the case of Merger Sub), except where failures to be so qualified and in good standing would not prohibit, restrict or delay, in any material respect, the performance by Parent, Intermediate Corp and Merger Sub of Parent, Intermediate Corp and Merger Sub's respective obligations hereunder or the consummation of the transactions contemplated hereby.

5.2 Authority and Enforceability. Each of Parent, Intermediate Corp and Merger Sub has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by each of Parent, Intermediate Corp and Merger Sub, their performance hereunder, and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of Parent, Intermediate Corp and Merger Sub, including the approval of the board of directors of Parent and Intermediate Corp. This Agreement has been duly executed and delivered by Parent, Intermediate Corp and Merger Sub and, assuming due execution and delivery by the other parties hereto, constitutes a valid and binding obligation of Parent, Intermediate Corp and Merger Sub, enforceable against Parent, Intermediate Corp and Merger Sub in accordance with its terms and conditions, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, preference, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a Proceeding in equity or at law) and except that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any Proceeding may be brought.

5.3 Non-Contravention. Subject to the provisions of Section 5.4 regarding Consents, the execution and delivery of this Agreement by Parent, Intermediate Corp and Merger Sub do not, and Parent's, Intermediate Corp's and Merger Sub's performance hereunder and the consummation of the transactions contemplated hereby shall not (a) violate any provision of the articles or certificate of incorporation, as applicable, or bylaws of Parent, Intermediate Corp or Merger Sub, (b) violate or constitute a breach of or default under (with notice or lapse of time, or both), or permit termination, modification or acceleration under, any Contract to which Parent, Intermediate Corp or Merger Sub is party or by which Parent's, Intermediate Corp's or Merger Sub's assets are bound, except where such violations, breaches, defaults, terminations, modifications and accelerations would not, individually or in the aggregate, prohibit, restrict or delay, in any

material respect, the performance by Parent, Intermediate Corp or Merger Sub of Parent's, Intermediate Corp's or Merger Sub's obligations under this Agreement or the consummation of the transactions contemplated hereby, or (c) violate any Law applicable to Parent, Intermediate Corp or Merger Sub or any Order to which Parent, Intermediate Corp or Merger Sub is subject, except where such violations would not, individually or in the aggregate, prohibit, restrict or delay, in any material respect, the performance by Parent, Intermediate Corp or Merger Sub of Parent's, Intermediate Corp's or Merger Sub's obligations under this Agreement or the consummation of the transactions contemplated hereby.

5.4 Consents. The execution and delivery by Parent, Intermediate Corp and Merger Sub of this Agreement, Parent's, Intermediate Corp's and Merger Sub's performance hereunder, and the consummation of the transactions contemplated hereby do not require (a) any Consent under any Contract to which Parent, Intermediate Corp or Merger Sub is party or by which Parent's, Intermediate Corp's or Merger Sub's assets are bound, except where failures to obtain such Consents would not, individually or in the aggregate, prohibit, restrict or delay, in any material respect, the performance by Parent, Intermediate Corp or Merger Sub of Parent's, Intermediate Corp's or Merger Sub's obligations under this Agreement or the consummation of the transactions contemplated hereby, or (b) any Governmental Approval, except (i) under the HSR Act and (ii) where failures to obtain such Governmental Approvals would not, individually or in the aggregate, prohibit, restrict or delay, in any material respect, the performance by Parent, Intermediate Corp or Merger Sub of Parent's, Intermediate Corp's or Merger Sub's obligations under this Agreement or the consummation of the transactions contemplated hereby.

5.5 Litigation. There is no Proceeding, at law or in equity, pending against or, to the Knowledge of Parent, Intermediate Corp or Merger Sub, threatened against or affecting Parent, Intermediate Corp or Merger Sub, nor is there any Order outstanding against Parent, Intermediate Corp or Merger Sub, in each case the adverse outcome or effect of which would, individually or in the aggregate, prohibit, restrict or delay, in any material respect, the performance by Parent, Intermediate Corp or Merger Sub of Parent's, Intermediate Corp's or Merger Sub's obligations under this Agreement or the consummation of the transactions contemplated hereby.

5.6 Brokers and Finders. No agent, broker, investment banker, intermediary, finder or firm acting on behalf of Parent, Intermediate Corp or Merger Sub is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, from Parent, Intermediate Corp or Merger Sub in connection with the execution and delivery of this Agreement, Parent's, Intermediate Corp's or Merger Sub's performance hereunder, or the consummation of the transactions contemplated hereby.

5.7 No Financing Condition. Parent has delivered to the Company true and complete fully executed copies of the equity commitment letters, dated as of the date hereof, between Parent, Intermediate Corp and each of Silver Lake Sumeru Fund, L.P. and Iconiq Strategic Partners, L.P. (the "Sponsors") (the "Equity Commitment Letters"), pursuant to which and subject to the terms and conditions thereof, the Sponsors have

agreed and committed to provide the equity financing set forth therein (the "Equity Financing"). The Equity Commitment Letters have not been amended, restated or otherwise modified or waived and the respective commitments contained in the Equity Commitment Letters have not been withdrawn, modified or rescinded. The Equity Commitment Letters are in full force and effect and constitute the legal, valid and binding obligations of each of Parent, Intermediate Corp and the Sponsors. There are no conditions precedent or contingencies relating to the funding of the full amount of the Equity Financing, other than as expressly set forth in the Equity Commitment Letters. The net proceeds of the Equity Financing will be sufficient for the satisfaction of all of Parent, Intermediate Corp and Merger Sub's obligations under this Agreement, including the payment of the Total Purchase Price, and of all fees and expenses reasonably expected to be incurred by Parent, Intermediate Corp and Merger Sub in connection herewith. No event has occurred which would constitute a breach or default (or an event which with notice or lapse of time or both would constitute a default) or a failure to satisfy a condition precedent, in each case, on the part of any party under the Equity Commitment Letters and Parent and Intermediate Corp do not have knowledge that the Equity Financing or any other funds necessary for the satisfaction of all of Parent, Intermediate Corp and Merger Sub's obligations under this Agreement and the payment of all fees and expenses reasonably expected to be incurred by Parent, Intermediate Corp and Merger Sub in connection herewith will not be available to Parent, Intermediate Corp and Merger Sub on the Closing Date.

5.8 Independent Investigation. Parent, Intermediate Corp and their Representatives have undertaken an independent investigation and verification of the business, operations and financial condition of the Company and its Subsidiaries. Parent and Intermediate Corp each confirm that the Company has provided it and its Representatives the opportunity to ask questions of the Company and to acquire such additional information about the business, operations and financial condition of the Company and its Subsidiaries as requested by Parent and Intermediate Corp. Parent and Intermediate Corp each acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, each of Parent and Intermediate Corp has relied solely upon its own investigation and the express representations and warranties of the Company set forth in ARTICLE IV of this Agreement (including the related portions of the Company Disclosure Schedules); and (b) none of the Company or any other Person has made any express or implied representation or warranty with respect to the Company or any of its Subsidiaries, the transactions contemplated hereby, or any information provided to Parent, Intermediate Corp or any of their Affiliates or Representatives in connection with the transactions contemplated hereby, except as expressly set forth in ARTICLE IV of this Agreement (including the related portions of the Company Disclosure Schedules).

5.9 Merger Sub's Operation and Capitalization. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated hereby and has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the transactions contemplated hereby. The

authorized capital stock of Merger Sub consists of 1,000 shares of common stock, $0.01 par value, all of which shares have been validly issued, are fully paid and nonassessable and are owned by Intermediate Corp free and clear of any Liens.

ARTICLE VI
COVENANTS

6.1 Conduct of Business. From the date hereof to the earlier of the Closing Date or the termination of this Agreement, except as otherwise contemplated, required or permitted by this Agreement, and except for matters set forth on Section 6.1 of the Company Disclosure Schedules, the Company shall, and shall cause its Subsidiaries to, conduct its and their respective businesses in the Ordinary Course of Business in all material respects and use commercially reasonable efforts to preserve the goodwill and organization of its business and the relationships with its customers, suppliers, employees and other Persons having business relations with the Company and its Subsidiaries, except (i) as required by Law or a Governmental Authority of competent jurisdiction, or (ii) to the extent Parent shall otherwise consent in writing (which consent shall not be unreasonably withheld, delayed or conditioned). Without limiting the generality of the foregoing and except (x) as otherwise expressly contemplated or required by this Agreement, and (y) for matters set forth on Section 6.1 of the Company Disclosure Schedules, the Company shall not, and shall not permit any of its Subsidiaries to:

(a) enter into any contract out of the Ordinary Course of Business or restricting in any material respect the conduct of its business or amend, modify in any material respect, waive any material rights under, or terminate any Major Contract;

(b) amend its articles of incorporation, bylaws or other organizational documents;

(c) make any loans to or investments in any Person;

(d) merge or consolidate with any Person;

(e) sell, purchase, lease or dispose of any property or assets (other than in the Ordinary Course of Business);

(f) (i)(A) issue, sell, or transfer, (B) redeem, purchase or acquire, or (C) grant any options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other agreements or rights to purchase or otherwise acquire, any shares of its capital stock (except for issuances of Common Stock pursuant to exercises of Options outstanding as of the date hereof), or (ii) grant any stock appreciation, phantom stock, profit participation, or similar equity-based rights;

(g) effect any recapitalization, reclassification, stock split or like change in its capitalization;

(h) declare or pay any dividends on or make other distributions in respect of any of its capital stock, except for (i) dividends or other distributions from a Subsidiary of the Company to the Company, and (ii) dividends and other distributions not to exceed Three Million Five Hundred Thousand Dollars ($3,500,000), plus the amount of cash, if any, paid to the Company (or payable to the Company at any time prior to the Effective Time) pursuant to exercises of Options after the date hereof and prior to the Effective Time, in the aggregate;

(i) pay any bonus or other similar payment (other than the Closing Bonuses) to any employee, consultant or independent contractor of the Company or any of its Subsidiaries or to any Company Shareholder or holder of Options;

(j) execute any guaranty, issue any debt, borrow any money or otherwise incur or create any Indebtedness (other than trade payables in the Ordinary Course of Business);

(k) directly or indirectly engage in any transaction or contract with any officer, director, shareholder, trustee or beneficiary of any Company Shareholder, holder of Options, or Affiliate of the Company or any of its Subsidiaries, except in the Ordinary Course of Business;

(l) create or permit any Lien on any material assets, except for Permitted Exceptions;

(m) except as required under the terms of any Employee Benefit Plan or other Major Contract existing as of the date hereof, increase the compensation, incentive arrangements or other benefits of the Employees or enter into, terminate or amend any Employee Benefit Plan;

(n) take or omit to take any action that has or would reasonably be expected to have the effect of accelerating to pre-Closing periods sales to the trade or other customers that would in the Ordinary Course of Business occur after the Closing;

(o) delay or postpone the payment of any accounts payable or accelerate the collection of or discount any accounts receivable in a manner outside the Ordinary Course of Business;

(p) make any material change in any method of accounting for financial reporting, except for any such change after the date hereof required by reason of a change in or interpretation of GAAP; or

(q) commit, authorize, or agree to do any of the foregoing.

6.2 Cooperation; Regulatory Authorizations.

(a) Each of the parties hereto shall each cooperate with the other and use its reasonable best efforts to consummate the transactions contemplated hereby as soon as practicable following the date hereof, and shall keep the other parties reasonably

informed of its progress toward satisfying the closing conditions set forth in ARTICLE VII and of any issues arising in connection therewith which might reasonably be expected to delay or prevent such satisfaction. Without limiting the generality of the foregoing, Parent, Intermediate Corp and the Company shall each (i) cooperate in good faith and take all actions necessary, appropriate or advisable to file as soon as reasonably practicable, and in any event no later than 10 Business Days after the date hereof, the notification and report forms required to be filed under the HSR Act with the United States Federal Trade Commission ("FTC") and the Antitrust Division of the United States Department of Justice ("DOJ"), (ii) use its reasonable best efforts to prosecute such filings and respond to inquiries related thereto to a favorable conclusion, (iii) not extend any waiting period under the HSR Act or enter into any agreement not to consummate the transactions contemplated hereby, except with the prior written consent of the other parties hereto, and (iv) use its reasonable best efforts to avoid entry of (or to have vacated or terminated) any Order that would restrain, prevent or delay the Closing.

(b) Without limiting Section 6.2(a), Parent and Intermediate Corp shall each take and cause to be taken all actions as may be necessary or desirable and use its best efforts to permit or cause the Closing to occur promptly following the date hereof and prior to the Outside Date, notwithstanding any requirement, request or condition sought or imposed by the FTC, the DOJ or any other Governmental Authority relating to this Agreement or the consummation of the transactions contemplated herein ("Government Conditions"), including (i) complying with and agreeing to any requests, directions, determinations, requirements or conditions of the FTC, DOJ or other Governmental Authority, including by supplying all information and documentary material that may be requested by such Governmental Authorities, (ii) complying with requests or undertakings to divest or hold separate any businesses, services, products or assets of Parent, Intermediate Corp or the Company and its Subsidiaries, (iii) complying with other limitations or requirements of any such Governmental Authority with respect of the operation of any of Parent's, Intermediate Corp's, the Company and any of their Subsidiaries' existing assets or businesses, and (iv) taking all other actions necessary or desirable, including instigating or defending any Proceeding, making meaningful reasonable offers of compromise, and promptly removing or causing to be removed any direction, determination, requirement, injunction, order, condition or limitation, that prevents or would prevent, or that makes illegal, the timely consummation of the transactions contemplated by this Agreement.

(c) All filings and other information or documents submitted, and all presentations made, by or on behalf of any party hereto before or to any Governmental Authority in connection with the approval of the contemplated transactions (except with respect to Taxes or Tax Returns) shall require the joint approval of Parent and the Company and be under the joint control of Parent and the Company, acting with the advice of their respective counsel; provided, that in the event of a disagreement concerning any such submission or presentation, the determinations of the Company shall be conclusive; and provided, further that nothing herein shall be deemed to prevent a party hereto from responding to or complying with a subpoena or other legal process required by Law or submitting factual information in response to a request therefore by an applicable Governmental Authority. In addition, except as prohibited by Law, Parent,

Intermediate Corp and the Company shall each (i) promptly notify the other party of any communication to such party from any Governmental Authority relating to the approval or disapproval of the transactions contemplated hereby, and (ii) not participate in any meetings or substantive discussions with any Governmental Authority without offering the other party hereto a meaningful opportunity to participate in such meetings or discussions.

6.3 Access. Between the date hereof and the earlier of the Closing Date or the termination of this Agreement, the Company shall afford the Representatives of Parent, at Parent's sole expense, reasonable access, at reasonable times during normal business hours with reasonable advance written notice, to the employees, premises, properties, books and records of the Company and its Subsidiaries as Parent may reasonably request; provided, that the Company shall not be required to (a) take any action that could unreasonably disrupt or interfere with the business or operations of the Company or any of its Subsidiaries, or (b) disclose any source code, except to a mutually acceptable third party pursuant to a separate mutually acceptable written agreement between the parties hereto. The forgoing shall not require the Company to permit any inspection, or to disclose any information, that in the Company's judgment is reasonably likely to result in the waiver of any attorney-client privilege, the disclosure of any trade secrets or other protected intellectual property of any third party, the contravention of any applicable Law, fiduciary duty or Contract, or the violation of any of their or its obligations with respect to confidentiality. All requests for information made pursuant to this Section 6.3 shall be directed by Parent to Xiaoying Zhong of Evercore Capital Partners, or such other Person as may be designated from time to time by the Company to receive such requests, and any such information received pursuant to this Section 6.3 shall be kept confidential and treated in accordance with the Confidentiality Agreement, the terms of which are incorporated herein by reference. None of Parent, Merger Sub, Intermediate Corp, or their respective Representatives shall at any time contact any customers of the Company without the prior written consent of the Company.

6.4 Alternative Transactions. The Company and its Subsidiaries agree that, from the date hereof to the earlier of the Closing Date or the termination of this Agreement, (a) they shall not, directly or indirectly, other than pursuant to the terms of this Agreement, (i) enter into any negotiations, discussions or agreements with any third parties, other than Parent, Merger Sub, Intermediate Corp and their Representatives, with respect to an Alternative Transaction, or (ii) solicit, accept, or approve any proposals or offers from any third parties, other than Parent, Intermediate Corp, Merger Sub and their Representatives, with respect to an Alternative Transaction, and (b) the Company shall, and shall cause its Affiliates and its and their respective directors, officers, employees, agents and other representatives to, (x) immediately cease and terminate any existing discussions, negotiations or communications with any Person (other than Parent, Intermediate Corp and their Affiliates) conducted heretofore or that may be ongoing with respect to any Alternative Transaction, and (y) not waive, terminate, modify or fail to enforce any provision of any confidentiality provisions to which the Company or any of its Subsidiaries is a party or of which the Company or its Subsidiaries is a beneficiary (other than with respect to Parent, Intermediate Corp and their Affiliates).

6.5 Employee Benefits.

(a) Parent and Intermediate Corp agree that each Employee who is employed by the Company or any of its Subsidiaries as of immediately prior to the Closing or who, as of the Closing, is receiving short-term or long-term disability or is on a part-time leave of absence (a "Continuing Employee") shall be provided, for a period extending from the Closing until the earlier of the termination of such Continuing Employee's employment with such any such entity or the first anniversary of the Closing Date, with base compensation, bonus opportunities (excluding equity-based compensation) and benefits that are no less favorable, in the aggregate, to the base compensation, bonus opportunities (excluding equity-based compensation) and benefits provided by the Company or any Subsidiaries of the Company to each such Continuing Employee immediately prior to the Closing Date.

(b) Parent and Intermediate Corp shall ensure that, as of the Closing Date, each Continuing Employee receives full credit for eligibility and vesting purposes (other than vesting of future equity awards) and for purposes of determining future vacation entitlement and severance benefits, but excluding benefit accrual under any defined benefit plan, for service with the Company or any of its Subsidiaries (or predecessor employers to the extent the Company or any of its Subsidiaries provides such past service credit under an applicable employee benefit plan) prior to the Closing Date under each of the comparable employee benefit plans, programs and policies of Parent, Intermediate Corp, the Company or the relevant Subsidiary, as applicable, in which such Continuing Employee becomes or may become a participant; provided, however, that no such service or recognition shall result in any duplication of benefits. As of the Closing Date, Parent and Intermediate Corp shall, or shall cause the Company or relevant Subsidiary to, credit to the Continuing Employees the amount of vacation time that such employees had accrued under any applicable Employee Benefit Plan as of the Closing Date. With respect to each group health plan maintained by Parent, Intermediate Corp, the Company or the relevant Subsidiary for the benefit of any Continuing Employees after the Closing Date, subject only to the required approval of the applicable insurance provider, if any (which Parent and Intermediate Corp shall use commercially reasonable efforts to obtain), Parent and Intermediate Corp shall (i) cause to be waived any eligibility waiting periods, any evidence of insurability requirements and the application of any pre-existing condition limitations under such plan (to the extent waived or satisfied prior to Closing); and (ii) cause each Continuing Employee to be given credit under such plan for all amounts paid by such Continuing Employee under any similar Employee Benefit Plan for the plan year that includes the Closing for purposes of applying deductibles, co-insurance and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the applicable plan maintained by Parent, Intermediate Corp, the Company or the relevant Subsidiary, as applicable, for the plan year in which the Closing Date occurs.

(c) Nothing in this Agreement (including this Section 6.5) shall (i) require Parent, Intermediate Corp, the Company or any of their Subsidiaries to continue to employ any particular Employee following the Closing Date, (ii) amend, or be deemed to amend or establish, any employee benefit plan, (iii) limit in any way Parent's,

Intermediate Corp's, the Company's or any of their Affiliates' ability to amend or terminate any Employee Benefit Plan at any time or (iv) confer upon any individual (including employees, retirees, or dependents or beneficiaries of employees or retirees) any right as a third-party beneficiary of this Agreement.

6.6 HSR Fees. Parent shall be responsible for any and all HSR Fees, and shall pay such fees upon such fees becoming due and payable.

6.7 Publicity. Any public announcement, whether by press release or otherwise, with respect to the existence or subject matter of this Agreement shall be mutually approved in writing in advance by Parent and the Company. Notwithstanding the foregoing, Parent may announce in a confidential manner the pendency of the transactions contemplated hereby to its Affiliates and each of its and their directors, officers, employees and to their limited partners and prospective limited partners in connection with fundraising and reporting activities.

6.8 Directors' and Officers' Indemnification.

(a) From and after the Closing, the Company shall, and Parent and Intermediate Corp shall cause the Company to, indemnify and hold harmless the individuals who at any time prior to the Closing were directors or officers of the Company or any of its Subsidiaries (the "Indemnified D&O Parties") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities in connection with actions or omissions occurring at or prior to the Closing as provided in the bylaws of the Company and the organizational documents of each of its Subsidiaries (in each case as in effect on the date hereof) to the fullest extent permitted by Law, and the Company shall, and Parent and Intermediate Corp shall cause the Company to, promptly advance expenses as incurred to the fullest extent permitted by Law.

(b) Immediately prior to the Closing the Company shall purchase, as a Company Transaction Expense, a "tail" insurance policy (the "Tail Policy") of directors' and officers' liability insurance and fiduciary liability insurance with coverage substantially similar to the coverage historically maintained by the Company and its Subsidiaries for the Indemnified D&O Parties and any other employees, agents or other individuals] (collectively, the "Insured Parties") otherwise covered by such insurance policies at any time prior to the Closing (the "Existing D&O Policies") with respect to matters occurring at or prior to the Closing (including the transactions contemplated hereby) for a period of not less than six (6) years from the Closing (and without any gap in coverage) and provide written evidence to the board of directors of the Company prior to the Closing reasonably satisfactory to it that such Tail Policy will be in effect immediately after the Closing. The Company shall, and Parent and Intermediate Corp shall cause the Company to, maintain in effect the Tail Policy for not less than six (6) years from the Closing.

(c) This Section 6.8 is intended to benefit the Insured Parties and the Indemnified D&O Parties, and shall be binding on all successors and assigns of Parent, Intermediate Corp and the Company.

(d) In the event that the Company or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving Person of such consolidation or merger or (ii) transfers or conveys a majority of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors, assigns and transferees of the Company or its respective successors or assigns, as the case may be, assume the obligations set forth in this Section 6.8.

6.9 Tax Matters.

(a) Tax Indemnity. From and after the Closing Date, the Parent Indemnified Parties shall be indemnified from and against any Damages attributable to (i) Taxes of the Company and its Subsidiaries for any Pre-Closing Tax Period, (ii) any Taxes with respect to any Pre-Closing Tax Period of any member of an affiliated, consolidated, unitary or combined group of which the Company or any of its Subsidiaries (or any predecessor thereof) is or was a member before the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local or foreign Law, (iii) any Taxes of any Person (other than the Company or any of its Subsidiaries) imposed on the Company or any of its Subsidiaries as a transferee, successor, by contract (excluding contracts with respect to which Taxes are an ancillary matter) or pursuant to any Law, which Taxes relate to an event or transaction occurring before the Closing Date, and (iv) Taxes of the Company or any of its Subsidiaries, and Taxes of any other Person for which the Company or any of its Subsidiaries is liable as a transferee, successor, by contract (excluding contracts with respect to which Taxes are an ancillary matter), or pursuant to any Law, in each such case to the extent such Taxes are attributable to any action taken by the Company or any of its Subsidiaries on the Closing Date that is not contemplated by this Agreement and was not taken at the direction of any of the Parent Indemnified Parties; *provided*, however, the aggregate Damages resulting from any such Taxes for which indemnification is sought pursuant to this Section 6.9(a) exceeds $20,000 in each instance or aggregated instances arising out of substantially similar or related facts and circumstances; *provided*, further, that the Parent Indemnified Parties shall not be entitled to any indemnification under this Section 6.9(a) with respect to any Taxes required to be collected from customers or withheld from any payment to any employee, independent contractor, creditor, or other third party and paid over to a Tax Authority to the extent such Taxes were (A) collected by the Company or any of its Subsidiaries prior to the Closing Date and (B) held for remittance to the relevant Tax Authority as of the Closing Date. For purposes of clauses (i) and (ii) of this Section 6.9(a), in the case of any Taxes that are imposed on a periodic basis and are payable for a Straddle Period, the portion of such Tax which relates to the portion of such Straddle Period ending on the day before the Closing Date shall (x) in the case of any Taxes other than Taxes based upon or related to income, receipts, or employment, be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period ending on the day before

the Closing Date and the denominator of which is the number of days in the entire Straddle Period, and (y) in the case of any Tax based upon or related to income, receipts, or employment be deemed equal to the amount which would be payable if the relevant taxable period ended on the day before the Closing Date.

(b) Voluntary Disclosure. Notwithstanding any other provision of this Agreement to the contrary, Parent may, based on a good faith determination that such action is appropriate to reduce potential Tax liabilities of the Company and its Subsidiaries related to Pre-Closing Tax Periods, initiate requests for voluntary disclosure relief with one or more state or local Tax Authorities relating to Pre-Closing Tax Period sales and use (and any similar) Taxes in circumstances in which Parent determines that the Company or any of its Subsidiaries should collect and remit such Taxes with respect to jurisdictions in which the Company and its Subsidiaries has not historically, prior to the Closing Date, collected and remitted such Taxes; provided, however, no such action shall be permitted without (i) the Company Shareholders' Representative's prior written consent (not to be unreasonably withheld or conditioned), and (ii) if desired by the Company Shareholders' Representative, including with the Company's request any information supplied by the Company Shareholders' Representative with respect to state and local income Taxes. Any liability of the Company or any of its Subsidiaries for Taxes arising as a result of actions taken by or at the direction of Parent pursuant to this Section 6.9(b) shall, for the avoidance of doubt, be subject to indemnification to the extent provided under Section 6.9(a).

(c) Pre-Closing Covenants. Prior to the Closing, (i) the Company shall not, and shall not permit any holder of Common Stock to, revoke, or take or allow any action that would result in the termination of, the Company's election to be taxed as an "S corporation" within the meaning of Sections 1361 and 1362 of the Code (other than the Contribution or the transactions contemplated by this Agreement) and (ii) without the prior written consent of Parent, neither the Company nor any of its Subsidiaries shall (A) make or change any federal or other material Tax election, (B) change an annual Tax accounting period, (C) change any method of accounting for Tax purposes, (D) file any amended federal or other material Tax Return, (E) enter into any closing agreement with the Internal Revenue Service or any material closing agreement with any other Tax Authority, (F) surrender any right to claim a material Tax refund, or (G) except with respect to any automatic extension of time to file any Tax Return, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment.

(d) Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, value added and other similar Taxes incurred in connection with this Agreement or the consummation of the transactions contemplated hereby ("Transfer Taxes") shall be paid by Intermediate Corp. Intermediate Corp shall, at its own expense, timely file with the appropriate Tax Authority all necessary Tax Returns and other documentation with respect to all such Transfer Taxes. Intermediate Corp shall provide the Company Shareholders' Representative with evidence satisfactory to the Company Shareholders' Representative that such Transfer Taxes have been paid by Intermediate Corp.

(e) Tax Returns.

(i) The Company, at the direction of the Company Shareholders' Representative, shall prepare or cause to be prepared and file or cause to be filed all income Tax Returns of the Company and its Subsidiaries for any taxable period ending on or before the Closing Date. All such income Tax Returns shall be prepared in a manner consistent with past practice, except as otherwise required by applicable Law. No later than thirty (30) days prior to the due date (including extensions) for filing such income Tax Returns, the Company Shareholders' Representative shall deliver such income Tax Returns to Parent for its review, and the Company Shareholders' Representative shall consider in good faith any comments received from Parent at least ten (10) days prior to the due date for filing such income Tax Returns.

(ii) Parent shall prepare or cause to be prepared all non-income Tax Returns of the Company and its Subsidiaries for any Pre-Closing Tax Period. All such non-income Tax Returns shall be prepared in a manner consistent with past practice, except as otherwise required by applicable Law. No later than thirty (30) days prior to the due date (including extensions) for filing such non-income Tax Returns, Parent shall deliver copies of completed drafts of such Tax Returns to the Company Shareholders' Representative, along with supporting workpapers, for her review, and Parent shall reflect in such non-income Tax Returns any reasonable comments not inconsistent with past practice received from the Company Shareholders' Representative at least ten (10) days prior to the due date for filing such Tax Returns.

(iii) Parent and Intermediate Corp shall not amend (or cause to be amended) any Tax Return of the Company or its Subsidiaries relating to any Pre-Closing Tax Period or make (or cause to be made) any Tax election that has retroactive effect to any such period, in each case without the prior written consent of the Company Shareholders' Representative (not to be unreasonably withheld, conditioned or delayed).

(f) Tax Contests.

(i) The Company Shareholders' Representative and Parent shall give prompt notice to each other of any Tax Contest with respect to Taxes or Tax Returns of the Company or its Subsidiaries for any Pre-Closing Tax Period.

(ii) The Company Shareholders' Representative, Parent and Intermediate Corp shall cooperate with each other in the conduct of any Tax Contest with respect to Taxes or Tax Returns of the Company or its Subsidiaries for any Pre-Closing Tax Period and each may participate at its own expense; provided, that the Company Shareholders' Representative may, at its election, control the conduct of any such Tax Contest for which any current or former shareholder of the Company may be liable for additional Tax, provided that, in the event the Company Shareholders' Representative elects to control any such Tax Contest, the Company Shareholders' Representative (i) shall keep Parent reasonably informed of all material developments that arise in connection with such Tax Contest, (ii) permit Parent to participate, at its own expense, in the conduct of such Tax Contest, and (iii) shall not settle any matter that arises in connection with such Tax Contest without Parent's prior written consent (not to be unreasonably withheld, conditioned or delayed).

(iii) Notwithstanding any other provision of this Agreement to the contrary, Parent shall not settle any matter that arises in connection with an action described in Section 6.9(b) without the Company Shareholders' Representative's prior written consent.

(iv) In the event of any conflict or overlap between the provisions of this Section 6.9(f) and Section 10.2(c), this Section 6.9(f) shall control.

(g) Refunds. The Seller Indemnified Parties shall be entitled to the amount of any refund or credit of Taxes of the Company and its Subsidiaries with respect to a Pre-Closing Tax Period, net of any cost (including incremental Taxes (e.g., federal income Tax on state Tax refunds) not otherwise subject to indemnification pursuant to Section 6.9(a)) to Parent and its Subsidiaries attributable to the obtaining and receipt of such refund or credit, except to the extent such refund or credit arises as the result of a carryback of a loss or other Tax benefit from a Tax period (or portion thereof) beginning on or after the Closing Date. Intermediate Corp shall pay, or cause to be paid, to the Seller Indemnified Parties any amount to which the Seller Indemnified Parties are entitled pursuant to the prior sentence within ten (10) days of the receipt or recognition of the applicable refund or credit by Parent or its Subsidiaries. To the extent requested by the Company Shareholders' Representative, Parent and its Subsidiaries will reasonably cooperate with the Company Shareholders' Representative in obtaining such refund or credit, including through the filing of amended Tax Returns or refund claims. To the extent such refund or credit is subsequently disallowed or required to be returned to the applicable Tax Authority, the Seller Indemnified Parties agree promptly to repay the amount of such refund or credit, together with any interest, penalties or other additional amounts imposed by such Tax Authority, to Intermediate Corp.

(h) Tax Benefits. To the extent that Parent, Intermediate Corp, the Company, the Surviving Company or any of their Subsidiaries (or any of their successors) (collectively, the "Parent Entities") has a deduction or net operating loss attributable to any payments of Option Merger Consideration in any taxable period ending after the Closing Date (a "Tax Benefit"), Intermediate Corp shall pay the Equity Holders the Tax Benefit Amount; provided, however, that in no event shall the aggregate amount of any payments under this Section 6.9(h) exceed Eight Million Dollars ($8,000,000); provided, further, that each Equity Holder shall be entitled to a portion of such payment based on the number of shares of Common Stock owned by such Equity Holder, or underlying such Equity Holder's Options (whether or not vested), as of the day before the Closing Date. Any such payment will be paid within thirty (30) days of the filing of any relevant Tax Return reflecting the applicable Tax Benefit.

6.10 Books and Records.

(a) From and after the Closing, Parent, Intermediate Corp and the Company shall, and shall cause their respective Affiliates to, retain all books and records relating to the Company and/or its Subsidiaries and their businesses in a manner reasonably consistent with the prior practices of the Company and its Subsidiaries for a period of six (6) years after the Closing Date. In addition to the foregoing, from and after the Closing, Parent, Intermediate Corp and the Company shall, and shall cause their respective Affiliates to, afford to the current and former shareholders of the Company, the Option Holders, and their respective Representatives, during normal business hours and upon reasonable notice, reasonable access to the personnel, books, records and other data relating to the Company and/or its Subsidiaries, and the right to make copies and extracts therefrom (i) to facilitate the investigation, litigation and final disposition of any claims or audits which may have been or may be made against any such party or its Affiliates or against the Escrow Account, (ii) for the preparation of Tax Returns and other documents and reports that such party or its Affiliates are required to file with Governmental Authorities or Tax Authorities, (iii) for Tax Contests, (iv) for accounting purposes and (v) for any other business purpose. The foregoing shall not require any party to permit any inspection, or to disclose any information, to the extent that such inspection or disclosure is reasonably likely to (x) result in the waiver of any attorney-client privilege, (y) violate applicable law or (z) violate in any material respect the terms of any agreement with a third party. Any information disclosed pursuant hereto must be kept confidential by the recipients of such information.

(b) The Company Shareholders and the Option Holders may retain (i) CD copies of the materials included on the Merrill Datasite or otherwise in connection with the Auction, and the transactions contemplated hereby, together with CD copies of all documents referred to in such materials, (ii) all internal correspondence and memoranda, drafts, valuations, investment banking presentations and bids received from other Persons in connection with the Auction, and the transactions contemplated hereby (which, to the extent in the possession of the Company and its Subsidiaries as of the Closing, shall be transferred by the Company and its Subsidiaries to the Company Shareholders' Representative at the Closing or otherwise destroyed by the Company and its Subsidiaries at the Closing and no copy thereof shall be retained by the Company or any of its Subsidiaries from and after the Closing), and (iii) copies of all consolidated and combined financial information and all other accounting records prepared or used in connection with the preparation of the Company Financial Statements.

6.11 Disclaimer Regarding Financial Data and Projections. In connection with Parent's, Intermediate Corp's and their respective Affiliates' and Representatives' investigation of the Company and its Subsidiaries, Parent, Intermediate Corp and such Affiliates and Representatives have received from the Company and its Representatives certain (a) financial data, (b) projections and other forecasts and (c) business plan information, in each case relating to the Company and its Subsidiaries. Parent and Intermediate Corp acknowledge that (i) there are uncertainties inherent in attempting to make any projections and other forecasts and plans, (ii) Parent and Intermediate Corp are familiar with such uncertainties, and (iii) Parent and Intermediate Corp are each taking full responsibility for making its own evaluation of the adequacy and, except as expressly set forth in ARTICLE IV, accuracy of all financial data, projections and other forecasts and plans so furnished to it. Accordingly, except as expressly set forth in ARTICLE IV, Parent and Intermediate Corp each agrees and acknowledges that (A) the Company has

not made, and is not making, any representation or warranty with respect to such financial data, projections, forecasts or plans and (B) no Parent Indemnified Party shall have any claim against any Person with respect thereto.

6.12 Confidentiality. Parent and Intermediate Corp each acknowledges and agrees that the Confidentiality Agreement remains in full force and effect and, in addition, covenants and agrees to keep confidential, in accordance with the provisions of the Confidentiality Agreement, information provided to Parent and Intermediate Corp, as well as their Affiliates and Representatives, pursuant to this Agreement. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement and the provisions of this Section 6.12 shall nonetheless continue in full force and effect.

6.13 Closing Date Disbursements and Calculation of Merger Consideration. At least three (3) Business Days prior to the Closing Date, the Company shall provide to Parent a certificate executed on behalf of the Company by an executive officer thereof setting forth (a) the aggregate amount of the Company Transaction Expenses, (b) the Common Stock Closing Consideration, (c) Option Closing Consideration, (d) the Note Payment, and (e) the number of shares of Common Stock issued and outstanding, or issuable subject to Options, as of the Closing Date. Such certificate shall also include the account or accounts which any portion of the Closing Date Disbursements and other amounts payable hereunder (other than the Escrow Amount) shall be paid by Parent and Intermediate Corp pursuant to Section 2.4 hereof. At or prior to Closing, the Company shall provide Parent with documents which confirm that upon payment of the Company Transaction Expenses, each Person that is to be paid a Company Transaction Expense shall have been paid in full for all services rendered and expenses incurred, to or on behalf of the Company, on or prior to the Closing Date. In all cases, such certificate and documents shall, to the extent necessary, be updated by the Company on or prior to the Closing Date to reflect the actual amounts owed on such date.

ARTICLE VII
CONDITIONS TO PARENT'S, INTERMEDIATE CORP'S AND MERGER SUB'S OBLIGATIONS

The obligation of Parent, Intermediate Corp and Merger Sub to consummate the transactions contemplated hereby, and to take the other actions to be taken by Parent at Closing, is subject to the fulfillment or waiver of each of the following conditions:

7.1 Representations and Warranties. The representations and warranties of the Company contained in ARTICLE IV shall be true and correct (determined without regard to any qualification therein as to materiality or Material Adverse Effect) on and as of the date of this Agreement (unless the inaccuracy or inaccuracies as of the date of this Agreement which would otherwise result in a failure of this condition have been cured as of the Closing) and as of the Closing Date as though made on and as of the Closing Date (other than such representations and warranties that are expressly made as of a certain date, which need only be true and correct as of such date), except in each case, where failures of such representations and warranties to be true and correct would not, individually or in the aggregate, have a Material Adverse Effect.

7.2 Covenants. The Company shall have complied in all material respects with all of its covenants and obligations required to be performed by it under this Agreement at or prior to the Closing.

7.3 Litigation. No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order that is in effect and restrains, enjoins or otherwise prohibits the consummation of the transactions contemplated hereby (each, a "Governmental Prohibition").

7.4 HSR Act. The waiting period applicable to the transactions contemplated hereby under the HSR Act shall have expired or been terminated.

7.5 No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred a Material Adverse Effect.

7.6 Company Closing Deliveries. The Company shall have delivered to Parent the following deliveries:

(a) a certificate, dated as of the Closing Date and signed by an executive officer of the Company, certifying that each of the conditions set forth in Sections 7.1 and 7.2 have been satisfied;

(b) a certificate, dated as of the Closing Date and signed by an executive officer of the Company, certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of the Company authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and that all such resolutions are in full force and effect and are all the board resolutions adopted in connection with the transactions contemplated hereby;

(c) a certificate, dated as of the Closing Date and signed by an executive officer of the Company, certifying the names and signatures of the officers of the Company authorized to sign this Agreement and the other documents to be delivered hereunder; and

(d) a duly completed and executed affidavit, issued pursuant to Sections 1.897-2(h) and 1.1445-2(c) of the Treasury Regulations, certifying that the shares of Common Stock are not United States real property interests within the meaning of Section 897(c) of the Code.

ARTICLE VIII
CONDITIONS TO THE COMPANY'S OBLIGATIONS

The obligation of the Company to consummate the transactions contemplated hereby, and to take the other actions to be taken by the Company at the Closing, is subject to the fulfillment or waiver of each of the following conditions:

8.1 Representations and Warranties. The representations and warranties of Parent, Intermediate Corp and Merger Sub contained in ARTICLE V shall be true and correct in all material respects (except for such representations and warranties as are qualified by materiality, which representations and warranties shall be true and correct in all respects) on and as of the date of this Agreement (unless the inaccuracy or inaccuracies as of the date of this Agreement which would otherwise result in a failure of this condition have been cured as of the Closing) and as of the Closing Date as though made on and as of the Closing Date (other than such representations and warranties that are expressly made as of a certain date, which need only be true and correct in all material respects or true and correct, as the case may be, as of such date).

8.2 Covenants. Parent, Intermediate Corp and Merger Sub shall have complied in all material respects with all of its covenants and obligations required to be performed by Parent, Intermediate Corp or Merger Sub under this Agreement at or prior to the Closing.

8.3 Litigation. No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Governmental Prohibition.

8.4 HSR Act. The waiting period applicable to the transactions contemplated hereby under the HSR Act shall have expired.

8.5 Parent's Closing Deliveries. Parent shall have delivered to the Company (or, with respect to Section 8.5(d), as specified in Section 2.4) the following deliveries:

(a) a certificate, dated as of the Closing Date and signed by an executive officer of each of Parent, Intermediate Corp and Merger Sub, certifying that each of the conditions set forth in Section 8.1 and Section 8.2 have been satisfied;

(b) a certificate, dated as of the Closing Date and signed by an executive officer of each of Parent, Intermediate Corp and Merger Sub, certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Parent, Intermediate Corp and Merger Sub authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and that all such resolutions are in full force and effect and are all the board resolutions adopted in connection with the transactions contemplated hereby;

(c) a certificate, dated as of the Closing Date and signed by an executive officer of each of Parent, Intermediate Corp and Merger Sub, certifying the names and signatures of the officers of Parent, Intermediate Corp and Merger Sub authorized to sign this Agreement and the other documents to be delivered hereunder; and

(d) all payments specified in Section 2.4, by wire transfer in immediately available funds, to the parties, in the amounts and otherwise in accordance with Section 2.4.

ARTICLE IX
TERMINATION

9.1 Generally. This Agreement may be terminated prior to the Closing:

(a) by mutual written consent of Parent, on the one hand, and the Company, on the other hand,

(b) by either Parent or the Company, upon written notice to the other, if the Closing shall not have occurred on or before November 9, 2013 (or such other date as may have been agreed upon in writing by Parent and the Company, the "Outside Date"); provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any Party whose failure to comply with any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Outside Date, and provided further, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to Parent if the condition to the Company's obligations to effect the Merger set forth in Section 8.4 has not been satisfied for any reason;

(c) by Parent, upon written notice to the Company, if the Company is in breach of this Agreement, which breach would give rise to a failure of a condition set forth in Section 7.1 or 7.2 and (i) if such breach can be cured, the Company has failed to cure such breach within thirty (30) days of the receipt by the Company of written notice of such breach from Parent or (ii) if such breach can be cured but cannot reasonably be cured by the Company within such thirty (30) day period, the Company has failed to commence the curing of such breach within such thirty (30) day period and thereafter has failed to use its reasonable best efforts to cure such breach as promptly as practicable;

(d) by the Company, upon written notice to Parent, if Parent, Intermediate Corp or Merger Sub is in breach of this Agreement, which breach would give rise to a failure of a condition set forth in Section 8.1 or 8.2 and (i) if such breach can be cured, Parent, Intermediate Corp or Merger Sub, as applicable, has failed to cure such breach within thirty (30) days of the receipt by Parent of written notice of such breach from the Company or (ii) if such breach can be cured but cannot reasonably be cured by Parent, Intermediate Corp or Merger Sub, as applicable, within such thirty (30) day period, Parent, Intermediate Corp or Merger Sub, as applicable, has failed to commence the curing of such breach within such thirty (30) day period and thereafter has failed to use its reasonable best efforts to cure such breach as promptly as practicable; or

(e) by either Parent or the Company, upon written notice to the other, if the conditions to the respective obligations of the parties hereto pursuant to Sections 7.4 and 8.4, as applicable, to effect the Merger cannot be satisfied because, notwithstanding the compliance with Section 6.2 by Parent and its Affiliates, a Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Governmental Prohibition, and such Governmental Prohibition shall have become final and non-appealable, in each case having the effect of permanently restraining, enjoining or otherwise permanently prohibiting the Merger; provided, that this Section 9.1(e) shall not permit a party to terminate this Agreement if such party is in breach of or default under this Agreement.

9.2 Effect of Termination. In the event of termination of this Agreement and the transactions contemplated hereby as provided in Section 9.1, this Agreement shall forthwith become void and of no further force or effect and there shall be no liability on the part of either party hereto except (a) that the obligations in Section 6.7 (Publicity), Section 6.12 (Confidentiality) and ARTICLE XI (Miscellaneous), and the applicable definitions set forth in this Agreement, shall survive the termination of this Agreement, and (b) that nothing herein shall relieve any party hereto from liability for any breach by such party of the terms and provisions of this Agreement.

ARTICLE X
INDEMNIFICATION

10.1 Survival. Except for the representations and warranties set forth in Sections 4.1 (Organization and Good Standing), 4.2 (Authority and Enforceability; Ownership of Shares), 4.3 (Non-Contravention), 4.5 (Capitalization; Subsidiaries), 4.15 (Taxes), and 4.20 (Brokers and Finders) (the "Fundamental Representations"), which shall survive until thirty (30) days after expiration of the applicable statute of limitations (after giving effect to any extensions or waivers thereof agreed to by Parent and the Company Shareholders' Representative), each representation, warranty, covenant and agreement contained in this Agreement shall survive the Closing and continue in full force and effect until the Escrow Release Date, on which date such representations, warranties, covenants and agreements shall expire automatically; provided, that any representation, warranty, covenant or agreement in respect of which indemnity may be sought under this ARTICLE X, and the indemnity with respect thereto, shall survive the time at which it would otherwise terminate pursuant to this Section 10.1 to the extent notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given in accordance with this Agreement to the party against whom such indemnity may be sought under this Agreement prior to such time. Upon or after the expiration of a representation, warranty, covenant or agreement, no claim or Proceeding may be initiated by any Indemnified Party with respect thereto, regardless of any statute of limitations period that would otherwise apply. Notwithstanding the foregoing, covenants and agreements of Parent, Intermediate Corp and the Surviving Corporation to be performed after the Escrow Release Date shall not expire on such date but continue in full force and effect in accordance with their terms.

10.2 Indemnification. Subject to Sections 10.1 and 10.3:

(a) By the Equity Holders. From and after the Closing Date, Parent, Intermediate Corp and their successors and permitted assigns and each of the foregoing's respective directors, officers, managers, employees and agents (Parent, Intermediate Corp and such other Persons, collectively, the "Parent Indemnified Parties") shall be indemnified from the Escrow Account and by the Equity Holders from and against, without duplication, (i) Damages actually incurred by the Parent Indemnified Parties resulting from the breach of any representation or warranty made by the Company under ARTICLE IV, (ii) Damages actually incurred by the Parent Indemnified Parties resulting from the breach of any covenant or agreement herein to be performed at or prior to the Closing by the Company; (iii) any Company Indebtedness or Company Transaction Expenses (to the extent not included in the Closing Date Disbursements or reflected in the calculation of the Closing Adjustment); or (iv) any Dissenters Costs; provided, that the aggregate Damages resulting from any breach set forth in clause (i) above exceeds $20,000 in each instance or aggregated instances arising out of substantially similar or related facts and circumstances.

(b) By Parent and Intermediate Corp. From and after the Closing, Parent, Intermediate Corp and the Surviving Corporation shall indemnify, save and hold harmless the Company Shareholders, Option Holders and their respective successors and permitted assigns and each of the foregoing's respective directors, officers, managers employees and agents (the Company Shareholders, Option Holders and such other Persons, collectively, the "Seller Indemnified Parties") from and against Damages incurred by Seller Indemnified Parties arising out of or resulting from, without duplication: (i) the breach of any representation or warranty made by Parent, Intermediate Corp or Merger Sub in ARTICLE V, or (ii) the breach of any covenant or agreement herein to be performed by Parent, Intermediate Corp or Merger Sub, or the breach of any covenant or agreement herein to be performed by the Company after the Closing; provided, that the aggregate Damages arising out of or resulting from any breach set forth in clause (i) above exceeds $20,000 in each instance or aggregated instances arising out of substantially similar or related facts and circumstances.

(c) Procedure. Any party seeking indemnification under Section 6.9 or this Section 10.2 (an "Indemnified Party") shall give to the party or parties from whom indemnification is being sought (an "Indemnifying Party") written notice promptly after becoming aware of any fact, condition or event for which indemnification might be sought under Section 6.9 or this Section 10.2, which written notice shall (i) specify in reasonable detail all relevant facts, conditions and events; (ii) identify the specific provisions of this Agreement which give rise to such indemnification right; (iii) include a good-faith estimate of the amount of Damages for which the Indemnified Party is seeking indemnification from the Indemnifying Party, calculated in accordance with Section 10.3, and (iv) include copies of all written evidence thereof and third party correspondence related thereto; provided, that in the case of an Indemnified Party that is a Parent Indemnified Party, "Indemnifying Party" shall be deemed to mean the Company Shareholders' Representative in its capacity as the Company Shareholders' Representative, and in the case of an Indemnifying Party that is Parent, Intermediate Corp or the Surviving Corporation, "Indemnified Party" shall be deemed to mean the Company Shareholders' Representative in its capacity as the Company Shareholders'

Representative. The liability of an Indemnifying Party under Section 6.9 or this Section 10.2 with respect to Damages arising from claims of any third party which are subject to the indemnification provided for in Section 6.9 or this Section 10.2 ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions: If an Indemnified Party shall receive notice or otherwise learn of any Third Party Claim, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim within thirty (30) Business Days of the receipt by the Indemnified Party of such notice or awareness; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under Section 6.9 or this Section 10.2, except to the extent the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party shall be entitled to assume and control the defense of such Third Party Claim at the Indemnifying Party's expense and through counsel of the Indemnifying Party's choice; provided, however, the Indemnifying Party shall not be entitled to assume control of such defense (unless otherwise agreed to in writing by the Indemnified Party) and shall pay the fees and expenses of counsel retained by the Indemnified Party (1) to the extent the claim for indemnification is in connection with any criminal proceeding, action, indictment, allegation or investigation against or targeting the Indemnified Party; (2) if the claim is a motion for a temporary restraining order or preliminary injunction against the Indemnified Party; (3) there exists a material conflict of interest (other than one of a monetary nature) that would make it inappropriate for the same counsel to represent both the Indemnified Party and the Indemnifying Party; (4) the claim is solely against the Escrow Account, and the Indemnified Party reasonably believes that the maximum amount that the Indemnified Party could then recover under the applicable provisions of this ARTICLE X would be less than thirty percent (30%) of the Damages relating to the claim; or (5) upon petition by the Indemnified Party, the court with applicable jurisdiction rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend such claim. In the event the Indemnifying Party exercises its right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably requested by the Indemnifying Party. The Indemnifying Party shall not, without the written consent of the Indemnified Party, (A) settle or compromise any Third Party Claim or consent to the entry of any judgment that does not include an unconditional written release by the claimant or plaintiff of the Indemnified Party from all liability in respect of such Third Party Claim or (B) settle or compromise any Third Party Claim if the settlement imposes equitable remedies or material obligations on the Indemnified Party other than financial obligations for which such Indemnified Party will be indemnified hereunder. No Indemnified Party shall settle or compromise any Third Party Claim, without the written consent of the Indemnifying Party in its sole and absolute discretion.

(d) Definition of Damages. The term "Damages" means any and all costs, losses, liabilities, Taxes, obligations, damages, settlements, and expenses, including reasonable attorneys' fees. **NOTWITHSTANDING THE FOREGOING OR ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY,**

NO INDEMNIFYING PARTY HERETO SHALL BE REQUIRED TO INDEMNIFY OR HOLD HARMLESS ANY INDEMNIFIED PARTY HERETO FOR PUNITIVE OR EXEMPLARY DAMAGES EXCEPT TO THE EXTENT PAID OR REQUIRED TO BE PAID TO A THIRD PARTY. For purposes of determining the amount of Damages recoverable by an Indemnified Party (as defined below), the representations, warranties, covenants and other agreements set forth in this Agreement shall be construed as if any qualification or limitation with respect to materiality, whether by reference to the terms "material," "in all material respects," "in any material respect," "Material Adverse Effect" or similar words were omitted from the text of such representations, warranties, covenants and agreements.

(e) Payment for indemnification obligations arising under Section 6.9 or this Section 10.2 shall be subject to the limitations set forth in Section 10.3.

10.3 Limits on Indemnification. Notwithstanding anything to the contrary contained in this Agreement:

(a) no amount shall be payable pursuant to Section 10.2(a)(i) (other than with respect to Fundamental Representations) until the aggregate amount of all claims for Damages that are indemnifiable pursuant to Section 10.2(a)(i) exceeds Two Million Dollars ($2,000,000), and then only for the amount by which such Damages exceed such threshold amount;

(b) no amount shall be payable pursuant to Section 10.2(b)(i) until the aggregate amount of all claims for Damages that are indemnifiable pursuant to Section 10.2(b)(i) exceeds Two Million Dollars ($2,000,000), and then only for the amount by which such Damages exceed such threshold amount;

(c) all amounts payable to the Parent Indemnified Parties pursuant to Section 6.9 and Section 10.2(a) shall first be paid out of the available Escrow Amount and after the Escrow Amount is exhausted, shall be paid by the Equity Holders, on a several (and not joint) basis (in accordance with each Equity Holder's respective Pro Rata Share) and in accordance with the limitations contained herein;

(d) the maximum aggregate amount of Damages for which indemnity may be recovered by the Parent Indemnified Parties from the Equity Holders pursuant to Section 10.2(a) (other than with respect to Fundamental Representations) shall be Ten Million Dollars ($10,000,000);

(e) in no event shall any Equity Holder's aggregate liability pursuant to this Agreement exceed such Equity Holder's Pro Rata Share of the Aggregate Closing Consideration;

(f) the maximum aggregate amount of Damages for which indemnity may be recovered by the Seller Indemnified Parties from Parent and Intermediate Corp pursuant to Section 10.2(b) (other than respect to Sections 5.1 (Organization and Good Standing), 5.2 (Authority and Enforceability), 5.3 (Non-Contravention), 5.6 (Brokers and Finders), 5.7 (No Financing Condition)) shall be Ten Million Dollars ($10,000,000);

(g) the amount of any Damages claimed by any Indemnified Party hereunder shall be net of any insurance, indemnity, contribution or other payments or recoveries of a like nature with respect thereto actually received by such Indemnified Party (it being agreed that, promptly after the realization of any such reductions of Damages pursuant hereto, such Indemnified Party shall remit the amount of such reductions to the Indemnifying Party, up to the amount previously paid by the Indemnifying Party to Indemnified Party with respect to such Damages) less the costs incurred to collect such amounts and less the amount of any actual premium increases directly resulting therefrom;

(h) an Indemnified Party shall not be entitled under this Agreement to multiple recovery for the same Damages;

(i) in determining the amount of indemnification due under this Agreement, all payments shall be reduced by any Tax benefit realized by the Indemnified Party on account of the underlying claim in the taxable period in which the Damages attributable to such underlying claims were incurred, and in computing the amount of any such Tax benefit, any item of loss, deduction or credit resulting from such underlying claim shall be treated as the last marginal item of loss, deduction or credit recognized by the Indemnified Party;

(j) if an Indemnified Party recovers Damages from an Indemnifying Party under this Agreement, the Indemnifying Party shall be subrogated, to the extent of such recovery, to the Indemnified Party's rights against any third party, with respect to such recovered Damages, and the Indemnified Party shall reasonably cooperate in connection therewith; and

(k) in no event shall the amount of any Damages for which indemnity may be recovered by the Parent Indemnified Parties pursuant to this Agreement include any costs or expenses of advisors retained to develop any strategy for or prepare or assist with any analysis of sales and use tax matters, including in connection with preparing for or bringing actions of the type described in Section 6.9(b).

10.4 Exclusive Remedy. Each party hereby acknowledges and agrees that, from and after the Closing, its sole and exclusive remedy relating to the Business, the Company, this Agreement, the transactions contemplated hereby or the subject matter of this Agreement (other than claims for or in the nature of fraud) shall be pursuant to the indemnification provisions of this ARTICLE X or in Section 6.9 and, in the case of the Parent Indemnified Parties, shall be to collect any amounts in the Escrow Account or, solely in the case of breaches of Fundamental Representations or claims for indemnification under Section 6.9, as otherwise set forth in this ARTICLE X or in Section 6.9. In furtherance of the foregoing, each party hereto hereby waives, from and after the Closing, to the fullest extent permitted by Law, any and all other rights, claims and causes of action it may have against each other party or its Affiliates, successors and

permitted assigns and each of the foregoing's respective shareholders, option holders, members, partners, directors, managers, officers, employees and agents relating to the Business, the Company, the transactions contemplated hereby or the subject matter of this Agreement (other than claims for fraud).

10.5 Mitigation. Each Indemnified Party shall use its commercially reasonable efforts to mitigate any Damages for which it may claim indemnification under this ARTICLE X. To the extent that the operations of the Company and its Subsidiaries after the Closing (excluding the filing of any Tax Return (other than any amended Tax Return to which Section 6.9(e)(iii) applies), payment of any Taxes, collection of Taxes from any customer, or withholding of any Taxes from any employee, independent contractor, creditor or other third party, that, in each case, is required by applicable Law) are determined by a court of competent jurisdiction to have contributed to or aggravated any Damages as to which indemnification is available under this ARTICLE X, the court shall ascertain the amount, if any, by which such operations have contributed to or aggravated any such Damages and may reduce the indemnification obligation under Section 10.2(a) by such amount.

10.6 Adjustment to Purchase Price. For Tax purposes, all indemnification payments made pursuant to this Agreement shall be deemed to be adjustments to the Total Purchase Price received hereunder and shall be treated as such by Parent, Intermediate Corp and the Company Shareholders and Option Holders on their Tax Returns to the extent permitted by Law.

ARTICLE XI
MISCELLANEOUS

11.1 Further Assurances. Without limitation of Section 6.2, each party hereto shall use its reasonable best efforts to do and perform, or cause to be done and performed, all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments or documents as any other party hereto may reasonably request in order to carry out the intent and purposes of this Agreement and the consummation of the transactions contemplated hereby.

11.2 Notices. All notices, requests, instructions, claims, demands, consents, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date delivered (or, if delivery is refused, upon presentment) by hand or by internationally recognized courier service with delivery confirmation such as Federal Express, or (b) upon receipt by facsimile transmission (with confirmation), or (c) upon delivery by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following addresses:

If to Parent, Intermediate Corp, Merger Sub or the Surviving Corporation:

c/o Silver Lake Sumeru
2775 Sand Hill Road
Menlo Park, California 94025
Facsimile: ###
Attention: Hollie Moore Haynes

With a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
3330 Hillview Avenue
Palo Alto, CA 94025
Facsimile: ###
Attention: Adam D. Phillips

If to the Company or the Company Shareholders' Representative:

BlackLine Systems, Inc.
21300 Victory Blvd.
12th Floor Woodland Hills, CA 91367
Facsimile: N/A
Attention: Therese Tucker

With a copy (which shall not constitute notice) to:

Munger, Tolles & Olson LLP
355 South Grand Avenue
35th Floor
Los Angeles, California 90071-1560
Facsimile: ###
Attention: Mary Ann Todd

or to such other Persons or addresses as the Person to whom notice is given may have previously furnished to the other parties hereto in writing in the manner set forth above (provided, that any notice of any change of address shall be effective only upon receipt thereof).

11.3 Entire Agreement. This Agreement, including the Exhibits and Schedules attached hereto, the Company Disclosure Schedules, the Confidentiality Agreement, and any agreement, certificate, instrument or other document executed and delivered in connection herewith, constitute the entire agreement and understanding of the parties hereto, and supersede all other prior covenants, agreements, undertakings, obligations, promises, arrangements, communications, representations and warranties, whether oral or written, by any party hereto or by any shareholder, member, partner, director, officer, manager, employee, agent, Affiliate or representative of any party hereto.

11.4 Enforcement. The parties hereto agree that prior to the Closing, irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that any of the provisions of this Agreement were not performed by the parties hereto in accordance with their specific terms (including failing to take such actions as are required of it hereunder to consummate the transactions contemplated hereby) or were otherwise breached or violated by the parties hereto. The parties hereto agree and acknowledge that prior to the Closing, each of the parties hereto shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement by another party hereto and to enforce specifically the terms and provisions hereof against the other parties hereto, in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereto agrees and acknowledges that such party will not oppose the granting of an injunction, specific performance or other equitable relief on the basis that there is 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. In seeking an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the terms and provisions of this Agreement, no party hereto shall be required to provide any bond or other security.

11.5 Transaction Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each party hereto shall pay its own fees, costs and expenses incident to the negotiation, preparation, drafting, execution, delivery, performance and closing of this Agreement and the transactions contemplated hereby, including the fees and expenses of its own counsel, accountants and other experts; provided, however, that Parent shall be responsible for all filing and other similar fees payable in connection with any filings or submissions under HSR Act.

11.6 No Right of Set-Off. Each of Parent and Intermediate Corp, for itself and for its Affiliates, successors and permitted assigns, including Merger Sub, hereby unconditionally and irrevocably waives any rights of set-off, netting, offset, recoupment or similar rights that Parent, Intermediate Corp or any of their Affiliates, successors and permitted assigns, including Merger Sub, has or may have with respect to any payment to be made by Parent or Intermediate Corp pursuant to this Agreement or any agreement, certificate, instrument or other document executed and delivered by Parent or Intermediate Corp in connection herewith.

11.7 Amendments. This Agreement may be amended or otherwise modified only by a written instrument duly executed by each of the parties hereto, including the Company Shareholders' Representative.

11.8 Assignments; No Third Party Rights.

(a) Except as provided in ARTICLE III (Conversion of Common Stock), Section 6.5 (Employee Benefits), Section 6.8 (Directors' and Officers' Indemnification), Section 6.10 (Books and Records) and ARTICLE X (Indemnification), no party hereto may assign, in whole or in part, any of its rights, interest or obligations

under this Agreement without the prior written consent of the other parties hereto and any purported assignment without such consent shall be void; provided, however, that Parent, Intermediate Corp and the Surviving Corporation may assign their rights, interests and obligations to a purchaser of any such entity.

(b) Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties hereto, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement or any provision of this Agreement, except as expressly set forth herein. This Agreement and all of its provisions and conditions are binding upon, are for the sole and exclusive benefit of, and are enforceable by the parties hereto and their respective successors and permitted assigns.

11.9 Waiver. No breach of any provision hereof shall be deemed waived unless expressly waived in writing by the party hereto who may assert such breach. No waiver that may be given by a party hereto shall be applicable except in the specific instance for which it is given. No waiver of any provision hereof shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall any such waiver constitute a continuing waiver, unless otherwise expressly provided therein. Except where a specific period for action or inaction is provided in this Agreement, neither the failure nor any delay on the part of any party hereto in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party hereto of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege. The rights and remedies of the parties hereto are cumulative and not alternative.

11.10 Severability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of such provision or provisions or the remaining provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein, unless such a construction would be unreasonable.

11.11 Governing Law; Jurisdiction; Venue.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE. Each of the parties hereto (i) shall submit itself to the exclusive jurisdiction of any federal court located in the State of California or any California state court having subject matter jurisdiction in the event any dispute arises out of this Agreement, (ii) agrees that venue will be proper as to proceedings brought in any such court with respect to such a dispute, (iii) will not attempt

to deny or defeat such personal jurisdiction or venue by motion or other request for leave from any such court, and (iv) agrees to accept service of process at its address for notices pursuant to this Agreement in any such action or proceeding brought in any such court. With respect to any such action, service of process upon any party hereto in the manner provided in Section 11.2 for the giving of notices shall be deemed, in every respect, effective service of process upon such party.

11.12 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence. The parties hereto acknowledge that each will be relying upon the timely performance by the other of its obligations hereunder as a material inducement to such party's execution of this Agreement.

11.13 Construction. This Agreement shall be deemed to have been drafted jointly by the parties hereto. Every term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any party hereto.

11.14 Incorporation by Reference. Each Exhibit and Schedule attached hereto and referred to herein is incorporated in this Agreement by reference and shall be considered part of this Agreement as if fully set forth herein, unless this Agreement expressly otherwise provides.

11.15 Headings. The descriptive headings used in this Agreement have been inserted for convenience of reference only, and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

11.16 Counterparts. This Agreement may be executed (including by facsimile transmission or by e-mail of a .pdf attachment) in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties hereto agree and acknowledge that delivery of a signature by facsimile, e-mail or other means of electronic transmission shall constitute execution by such signatory.

11.17 Company Shareholders' Representative.

(a) Therese Tucker is hereby appointed as agent and attorney-in-fact for and on behalf of each of the holders of Common Stock and the Option Holders (the "Company Shareholders' Representative"), to give and receive notices, to agree to, negotiate and enter into settlements and compromises of claims, to demand, prosecute and defend claims arising out of this Agreement, the Escrow Agreement and the Paying Agent Agreement and to comply with orders of courts and determinations and awards with respect to claims, to amend, modify and waive any provision under this Agreement, the Escrow Agreement and the Paying Agent Agreement, and to take all actions necessary or appropriate in the judgment of the Company Shareholders' Representative for the accomplishment of the foregoing. Such agency may be changed by the consent of a majority-in-interest of the holders of Common Stock and Options from time to time upon not less than thirty (30) calendar days' prior written notice to Parent. Any vacancy

in the position of Company Shareholders' Representative shall be filled by a majority-in-interest of the holders of Common Stock and Options. The Company Shareholders' Representative may resign upon thirty (30) calendar days' prior written notice to Parent provided that no such resignation shall become effective until the appointment of a successor Company Shareholders' Representative. No bond shall be required of the Company Shareholders' Representative, and the Company Shareholders' Representative shall not receive compensation for her services. Notices or communications to or from the Company Shareholders' Representative shall constitute notice to or from each holder of Common Stock and each Option Holder.

(b) The Company Shareholders' Representative shall not have any liability for any Damages to any holder of Common Stock or any Option Holder for any action taken or suffered or omitted to be taken by her hereunder as Company Shareholders' Representative, except as caused by the Company Shareholder Representative's gross negligence or willful misconduct. The Company Shareholders' Representative may, in all questions arising hereunder, rely on the advice of counsel and the Company Shareholders' Representative shall not be liable to any holder of Common Stock or any Option Holder for anything done, omitted or suffered by the Company Shareholders' Representative based on such advice. The Company Shareholders' Representative undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Escrow Agreement and the Paying Agent Agreement, and no implied covenants or obligations shall be read into this Agreement against the Company Shareholders' Representative.

(c) A decision, act, consent or instruction of the Company Shareholders' Representative shall be deemed to have been taken or given on behalf of all holders of Common Stock and Option Holders and shall be final, binding and conclusive upon all holders of Common Stock and Option Holders, and Parent and Intermediate Corp may rely upon any such decision, act, consent or instruction of the Company Shareholders' Representative as being the decision, act, consent or instruction of, and binding on, each holder of Common Stock and each Option Holder. Parent, Intermediate Corp, the Company and their respective Representatives are hereby relieved from any liability to any Person for any acts done by them in accordance with such decision, act, consent or instruction of the Company Shareholders' Representative.

11.18 Conflicts of Interest; Waiver; Assignment. Parent and Intermediate Corp hereby acknowledge, agree and expressly consent, on behalf of themselves and all other Parent Indemnified Parties, that, notwithstanding the prior, present and/or future representation of the Company by Munger, Tolles & Olson LLP and individual lawyers currently at such firm, with respect to any negotiation, dispute or other proceeding that may arise between Parent, Intermediate Corp or any other Parent Indemnified Party or the Surviving Company, on the one hand, and any of the Equity Holders and/or the Company Shareholders' Representative, on the other hand, whether concerning this Agreement or any other matter (hereinafter a "Future Proceeding"), the Company Shareholders' Representative and any Equity Holder may be represented in such Future Proceeding by Munger, Tolles & Olson LLP and any one or more of such individual lawyers, and Parent, Intermediate Corp and the Surviving Company expressly waive any and all rights

to assert any conflict of interest on the part of Munger, Tolles & Olson LLP or any of such individual lawyers with respect to such representation. In addition, Parent and Intermediate Corp, on behalf of themselves, the Surviving Company and any other Parent Indemnified Parties, hereby acknowledge and agree that, immediately prior to the Effective Time, all rights to Munger, Tolles & Olson LLP's files and work product with respect to its representation of the Company in connection with the Auction shall be assigned to, and become the sole property of, the Company Shareholders' Representative, who shall control all rights with respect to the attorney-client privilege contained therein.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the date first above written.

SLS BREEZE HOLDINGS, INC.

By: /s/ Hollie Moore Haynes
Name: Hollie Moore Haynes
Title: President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the date first above written.

SLS BREEZE INTERMEDIATE HOLDINGS, INC.

By: /s/ Hollie Moore Haynes
Name: Hollie Moore Haynes
Title: President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the date first above written.

SLS BREEZE MERGER SUB, INC.

By: /s/ Hollie Moore Haynes
Name: Hollie Moore Haynes
Title: President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the date first above written.

BLACKLINE SYSTEMS, INC.

By: /s/ Therese Tucker
Name: Therese Tucker
Title: CEO

Acknowledged and agreed, as of the date first above written, solely with respect to the Company Shareholders' Representative's rights and obligations set forth herein under Sections 6.9, 6.10(b), 10.2, 10.3, 11.7, 11.17 and the related definitions and solely in her capacity as the Company Shareholders' Representative:

/s/ Therese Tucker
Therese Tucker

Exhibit 3.1

CERTIFICATE OF RESTATED

CERTIFICATE OF INCORPORATION

OF

SLS BREEZE HOLDINGS, INC.

Adopted in accordance with the provisions of Section 241 and Section 245 of the General Corporation Law of the State of Delaware

SLS Breeze Holdings, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

FIRST: The name of the Corporation is SLS Breeze Holdings, Inc. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on August 5, 2013.

SECOND: The board of directors of the Corporation unanimously adopted a resolution approving the Amended and Restated Certificate of Incorporation (the "Amended and Restated Certificate of Incorporation") set forth on Exhibit A attached hereto pursuant to the provisions of Sections 141(f) and 241 of the General Corporation Law of the State of Delaware (the "DGCL").

THIRD: The Corporation has not received payment for any of its stock.

FOURTH: The Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Sections 241 and 245 of the DGCL**.**

IN WITNESS WHEREOF, said Corporation has caused this Certificate of Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: September 3, 2013

SLS BREEZE HOLDINGS, INC.

By: */s/ Hollie Moore Haynes*
Name: Hollie Moore Haynes
Title: President

Exhibit A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

SLS BREEZE HOLDINGS, INC.

ARTICLE ONE

The name of the corporation is SLS Breeze Holdings, Inc.

ARTICLE TWO

The address of the corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

The total number of shares of stock which the corporation has authority to issue is two-hundred and fifty million (250,000,000) shares of Common Stock, with a par value of $0.01 per share.

ARTICLE FIVE

The name and mailing address of the sole incorporator are as follows:

NAME	MAILING ADDRESS
Howard P. Young	c/o Kirkland & Ellis LLP 555 California Street, 27th Floor San Francisco, CA 94104

ARTICLE SIX

The corporation is to have perpetual existence.

ARTICLE SEVEN

In furtherance and not in limitation of the powers conferred by statute, the board of directors of the corporation is expressly authorized to make, alter or repeal the by-laws of the corporation.

ARTICLE EIGHT

The board of directors of the corporation shall initially consist of seven (7) members, as provided in the Stockholders Agreement of the corporation (the "Stockholders Agreement"), a copy of which is on file with the corporation. A quorum of the board and each committee thereof shall consist of three (3) directors, at least two (2) of whom are Investor S Directors (as defined in the Stockholders Agreement). Each Investor S Director shall be entitled to five (5) votes and each member of the board that is not an Investor S Director shall be entitled to one (1) vote for each matter that is voted on by the board or any committee thereof. An act of the board or any committee thereof shall require a majority of the votes present at a meeting at which a quorum is present.

ARTICLE NINE

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws of the corporation may provide. The books of the corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Election of directors need not be by written ballot unless the by-laws of the corporation so provide.

ARTICLE TEN

The corporation expressly elects not to be governed by Section 203 of the General Corporation Law of the State of Delaware.

Exhibit 3.3

AMENDED AND RESTATED BYLAWS

OF

SLS BREEZE HOLDINGS, INC.,
a Delaware corporation

(Adopted as of September 3, 2013)

ARTICLE I

OFFICES

Section1. Registered Office. The registered office of the corporation in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801. The name of the corporation's registered agent at such address shall be The Corporation Trust Company. The registered office and/or registered agent of the corporation may be changed from time to time by action of the Board of Directors.

Section 2. Other Offices. The corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place and Time of Meetings. An annual meeting of the stockholders shall be held each year within one hundred twenty (120) days after the close of the immediately preceding fiscal year of the corporation for the purpose of conducting any proper business as may come before the meeting. The date, time and place, if any, and/or the means of remote communication, of the annual meeting shall be determined by the Board of Directors. No annual meeting of stockholders need be held if not required by the corporation's certificate of incorporation or by the General Corporation Law of the State of Delaware.

Section 2. Special Meetings. Special meetings of stockholders may be called for any purpose and may be held at such time and place, within or without the State of Delaware, and/or by means of remote communication, as shall be stated in a notice of meeting or in a duly executed waiver of notice thereof. Such meetings may be called at any time by the Board of Directors and shall be called by the chief executive officer or president upon the written request of holders of shares entitled to cast not less than 50 percent of the votes at the meeting, such written request shall state the purpose or purposes of the meeting and shall be delivered to the chief executive officer or president. On such written request, the chief executive officer or president shall fix a date and time for such meeting within 30 days of the date requested for such meeting in such written request.

Section 3. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Delaware, and/or by means of remote communication, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal executive office of the corporation.

Section 4. Notice. Whenever stockholders are required or permitted to take any action at a meeting, written or printed notice stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting. All such notices shall be delivered, either personally, by mail, or by a form of electronic transmission consented to by the stockholder to whom the notice is given, by or at the direction of the Board of Directors, the chief executive officer, the president or the secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the corporation. If given by electronic transmission, such notice shall be deemed to be delivered (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (a) such posting and (b) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder. Any such consent shall be revocable by the stockholder by written notice to the corporation. Any such consent shall be deemed revoked if (1) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent and (2) such inability becomes known to the secretary or an assistant secretary of the corporation or to the transfer agent.

Section 5. Stockholders List. The officer having charge of the stock ledger of the corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, and/or (ii) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the certificate of incorporation. If a quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the question is one upon which by express provisions of an applicable law or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware or by the certificate of incorporation of the corporation or any amendments thereto and subject to Section 3 of Article VI hereof, every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of common stock held by such stockholder.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 11. Action by Written Consent. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken and bearing the dates of signature of the stockholders who signed the consent or consents, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the state of Delaware, or the corporation's principal place of business, or an officer or agent of the corporation having custody of the book or books in which proceedings of meetings of the stockholders are recorded. Delivery made to the corporation's registered office shall be by hand

or by certified or registered mail, return receipt requested. All consents properly delivered in accordance with this section shall be deemed to be recorded when so delivered. No written consent shall be effective to take the corporate action referred to therein unless, within 60 days after the earliest dated consent delivered to the corporation as required by this section, written consents signed by the holders of a sufficient number of shares to take such corporate action are so recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Any action taken pursuant to such written consent or consents of the stockholders shall have the same force and effect as if taken by the stockholders at a meeting thereof.

Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used; provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 12. Action by Telegram, Cablegram or Other Electronic Transmission Consent. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section; provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board of Directors of the corporation.

ARTICLE III

DIRECTORS

Section 1. General Powers. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors.

Section 2. Number, Election and Term of Office. The number of directors which shall constitute the first board shall be seven (7). Thereafter, the number of directors shall be established from time to time in accordance with the provisions of that certain Stockholders Agreement (as may be amended from time to time, the "Stockholders Agreement"), dated as of September 3, 2013, by and among the corporation's stockholders and the corporation.

Section 3. Removal and Resignation. Any director or the entire Board of Directors may be removed only in accordance with the provisions of the Stockholders Agreement. Any director may resign at any time upon notice given in writing or by electronic transmission to the corporation.

Section 4. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be filled in accordance with the provisions of the Stockholders Agreement. Each director so chosen shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as herein provided.

Section 5. Annual Meetings. The annual meeting of each newly elected Board of Directors shall be held without notice (other than notice under these Bylaws) immediately after, and at the same place, if any, as the annual meeting of stockholders.

Section 6. Other Meetings and Notice. Regular meetings, other than the annual meeting, of the Board of Directors may be held without notice at such time and at such place, if any, as shall from time to time be determined by resolution of the Board of Directors. Special meetings of the Board of Directors may be called by or at the request of the chief executive officer, the president or any director on at least 24 hours notice to each director, either personally, by telephone, by mail or by telegraph.

Section 7. Quorum, Required Vote and Adjournment. A quorum for the transaction of business shall consist of three (3) directors, at least two (2) of whom are directors designated by Silver Lake Sumeru Fund, L.P., a Delaware limited partnership ("Silver Lake"), pursuant the Stockholders Agreement. Each director designated by Silver Lake shall be entitled to five (5) votes and each member of the Board of Directors that is not a director designated by Silver Lake shall be entitled to one (1) vote for each matter that is voted on by the Board or any committee thereof, pursuant to the Stockholders Agreement. The vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Committees. The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation, which to the extent provided in such resolution or these Bylaws shall have and may exercise the powers of the Board of Directors in the management and affairs of the corporation except as otherwise limited by law. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Section 9. Committee Rules. Committees of the Board of Directors may be established only in accordance with the Stockholders Agreement. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. In the event that a member and that member's alternate, if alternates are designated by the Board of Directors as provided in Section 8 of this Article III, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 10. Communications Equipment. Members of the Board of Directors or any committee thereof may participate in and act at any meeting of such board or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this section shall constitute presence in person at the meeting.

Section 11. Waiver of Notice and Presumption of Assent. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 12. Action by Written Consent. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if the requisite number of directors required or permitted to take such action at a meeting consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board, or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 13. Stockholders Agreement and Certificate of Incorporation. The provisions in this Article III shall be subject to the terms and conditions of the Stockholders Agreement and the certificate of incorporation.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the corporation shall be elected by the Board of Directors and shall consist of a chief executive officer or president, a secretary, and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same person. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term by the Board of Directors then in office.

Section 5. Compensation. Compensation of all officers shall be fixed by the Board of Directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the corporation.

Section 6. The Chief Executive Officer or President. The chief executive officer or president shall be the chief executive officer of the corporation; shall preside at all meetings of the stockholders and Board of Directors at which he or she is present; subject to the powers of the Board of Directors, shall have general charge of the business, affairs and property of the corporation, and control over its officers, agents and employees; and shall see that all orders and resolutions of the Board of Directors are carried into effect. The chief executive officer or president shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation. The chief executive officer or president shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or as may be provided in these Bylaws.

Section 7. The Secretary and Assistant Secretaries. The secretary shall attend all meetings of the Board of Directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose. Under the chief executive officer’s or president’s supervision, the secretary shall (i) give, or cause to be given, all notices required to be given by these Bylaws or by law, (ii) have such powers and perform such duties as the Board of Directors, the chief executive officer, president or these Bylaws may, from time to time, prescribe and (iii) have custody of the corporate seal of the corporation. The secretary, or an assistant secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his or her signature. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors, the chief executive officer, president, or secretary may, from time to time, prescribe.

Section 8. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these Bylaws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

Section 9. Absence or Disability of Officers. In the case of the absence or disability of any officer of the corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person whom it may select.

ARTICLE V

INDEMNIFICATION OF OFFICERS, DIRECTORS AND OTHERS

Section 1. Nature of Indemnity. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, is or was a director or officer, of the corporation shall be indemnified and held harmless by the corporation to the fullest extent which it is empowered to do so by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended against all expense, liability and loss (including attorneys' fees actually and reasonably incurred by such person in connection with such proceeding); provided, that, except as provided in Section 2 hereof, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the Board of Directors of the corporation. The corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

Section 2. Procedure for Indemnification of Directors and Officers. Any indemnification of a director or officer of the corporation under Section 1 of this Article V or advance of expenses under Section 5 of this Article V shall be made promptly, and in any event within 30 days, upon the written request of the director or officer. If a determination by the corporation that the director or officer is entitled to indemnification pursuant to this Article V is required, and the corporation fails to respond within 60 days to a written request for indemnity, the corporation shall be deemed to have approved the request. If the corporation denies a written request for indemnification or advancing of expenses, in whole or in part, or if payment in full pursuant to such request is not made within 30 days, the right to indemnification or advances as granted by this Article V shall be enforceable by the director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the corporation)

that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware for the corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Article Not Exclusive. The rights to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4. Insurance. The corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a director, officer, employee, fiduciary, or agent of the corporation or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, whether or not the corporation would have the power to indemnify such person against such liability under this Article V.

Section 5. Expenses. Expenses incurred by any person described in Section 1 of this Article V in defending a proceeding shall be paid by the corporation in advance of such proceeding's final disposition upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

Section 6. Employees and Agents. Persons who are not covered by the foregoing provisions of this Article V and who are or were employees or agents of the corporation, or who are or were serving at the request of the corporation as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized at any time or from time to time by the Board of Directors.

Section 7. Contract Rights. The provisions of this Article V shall be deemed to be a contract right between the corporation and each director or officer who serves in any such capacity at any time while this Article V and the relevant provisions of the General Corporation Law of the State of Delaware or other applicable law are in effect, and any repeal or modification of this Article V or any such law shall not affect any rights or obligations then existing with respect to any state of facts or proceeding then existing.

Section 8. Merger or Consolidation. For purposes of this Article V, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article V with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Form. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the chief executive officer or a president or vice-president and the secretary or an assistant secretary of the corporation, certifying the number of shares owned by such holder in the corporation. If such a certificate is countersigned (i) by a transfer agent or an assistant transfer agent other than the corporation or its employee or (ii) by a registrar, other than the corporation or its employee, the signature of any such chief executive officer, president, vice-president, secretary, or assistant secretary may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the corporation. Shares of stock of the corporation shall only be transferred on the books of the corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization, and other matters as the corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates, and record the transaction on its books. The Board of Directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the corporation.

Section 2. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When

authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against the corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Action by Written Consent. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by statute, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by statute, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 5. Fixing a Record Date for Other Purposes. In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Registered Stockholders. Prior to the surrender to the corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner.

Section 7. Subscriptions for Stock. Unless otherwise provided for in the subscription agreement, subscriptions for shares shall be paid in full at such time, or in such installments and at such times, as shall be determined by the Board of Directors. Any call made by the Board of Directors for payment on subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series. In case of default in the payment of any installment or call when such payment is due, the corporation may proceed to collect the amount due in the same manner as any debt due the corporation.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or any other purpose and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts, or other orders for the payment of money by or to the corporation and all notes and other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such manner, as shall be determined by resolution of the Board of Directors or a duly authorized committee thereof.

Section 3. Contracts. The Board of Directors may authorize any officer or officers, or any agent or agents, of the corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest,

and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

Section 6. Corporate Seal. The Board of Directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words “Corporate Seal, Delaware”. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. Voting Securities Owned By Corporation. Voting securities in any other corporation held by the corporation shall be voted by the chief executive officer or president, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation’s stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean any purpose reasonably related to such person’s interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in the State of Delaware or at its principal place of business.

Section 9. Section Headings. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 10. Inconsistent Provisions. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the certificate of incorporation, the General Corporation Law of the State of Delaware, or the Stockholders Agreement, the provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VIII

AMENDMENTS

These Bylaws may be amended, altered, or repealed and new Bylaws adopted at any meeting of the Board of Directors by a majority vote. The fact that the power to adopt, amend, alter, or repeal the Bylaws has been conferred upon the Board of Directors shall not divest the stockholders of the same powers.

ARTICLE IX

CERTAIN BUSINESS COMBINATIONS

The corporation, by the affirmative vote (in addition to any other vote required by law or the certificate of incorporation) of its stockholders holding a majority of the shares entitled to vote, expressly elects not to be governed by §203 of the General Corporation Law of the State of Delaware.

Exhibit 4.2

EXECUTION VERSION

WARRANT
SLS BREEZE HOLDINGS, INC.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW. THIS WARRANT IS SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS SET FORTH HEREIN, AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS PURSUANT TO A STOCKHOLDERS AGREEMENT, DATED AS OF SEPTEMBER 3, 2013, AMONG THE ISSUER HEREOF (THE "COMPANY") AND CERTAIN OF THE COMPANY'S STOCKHOLDERS (AS AMENDED AND MODIFIED FROM TIME TO TIME). THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT EXCEPT IN ACCORDANCE WITH THIS WARRANT AND SUCH AGREEMENT, A COPY OF WHICH SHALL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

Warrant Certificate No.: 1

Original Issue Date: September 25, 2013

FOR VALUE RECEIVED, **SLS Breeze Holdings, Inc.,** a Delaware corporation (the **"Company"),** hereby certifies that Special Value Continuation Partners, LP, a Delaware limited partnership, or its registered assigns (the **"Holder")** is entitled to purchase from the Company 1,232,731 duly authorized, validly issued, fully paid and nonassessable shares of Common Stock at a purchase price per share initially of $1.00 (subject to adjustment as provided herein, the **"Exercise Price"),** all subject to the terms, conditions and adjustments set forth below in this Warrant.

This Warrant has been issued pursuant to the terms of the Warrant Purchase Agreement, dated as of September 25, 2013 (the **"Purchase Agreement"),** between the Company and the investors listed on Exhibit A thereto.

1**. Definitions.** As used in this Warrant, the following terms have the respective meanings set forth below:

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

"Aggregate Exercise Price" means, on any Exercise Date, an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to **Section 3** hereof, multiplied by (b) the Exercise Price in effect as of the Exercise Date.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday, Sunday or day on which banks in New York, New York or Los Angeles, California are authorized or required by law to close.

"Common Stock" means the common stock, par value $0.01 per share, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

"Common Stock Deemed Outstanding" means, at any time, the sum of (a) the number of shares of Common Stock actually outstanding at such time, plus (b) the number of shares of Common Stock issuable upon exercise, conversion or exchange of Convertible Securities actually outstanding at such time (treating as actually outstanding any Convertible Securities issuable upon exercise of Convertible Securities actually outstanding at such time), in each case, regardless of whether the Convertible Securities are actually exercisable, convertible or exchangeable at such time; provided, that Common Stock Deemed Outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its subsidiaries.

"Company" has the meaning set forth in the preamble.

"Convertible Securities" means warrants, rights, options, evidence of indebtedness, shares of stock or other securities that are convertible into or exercisable or exchangeable for, with or without payment of additional consideration, shares of Common Stock or other Convertible Securities, either immediately or upon the arrival of a specified date or the happening of a specified event; provided, that options granted to directors, officers, employees, or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, in each case authorized by the Board, shall not constitute Convertible Securities.

"Excluded Issuances" means any issuance or sale by the Company after the Original Issue Date of: (a) shares of Common Stock issued upon the exercise of this Warrant; or (b) shares of Common Stock issued directly or upon the exercise of options to directors, officers, employees, or consultants of the Company in each case (i) in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, and (ii) authorized by the Board.

"Exercise Date" means, for any given exercise of this Warrant, the date on which the conditions to such exercise set forth in **Section 3** shall have been satisfied at or prior to 5:00 p.m., Los Angeles time.

"Exercise Agreement" means an Exercise Agreement in the form attached hereto as **Exhibit A.**

"Exercise Period" means the period from the Original Issue Date through and including the earlier of (x) 5:00 p.m., Los Angeles time, on the tenth anniversary of Original Issue Date or, if such day is not a Business Day, on the next preceding Business Day or (y) the consummation of a Sale of the Company.

"Exercise Price" has the meaning set forth in the preamble.

"Fair Market Value" means, as of any date: (a) the volume weighted average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock is then listed; (b) if there have been no sales of the Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (c) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association for such day; or (d) if there have been no sales of the Common Stock on NASDAQ, the OTC Bulletin Board or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association at the end of such day; in each case, averaged over twenty (20) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association, the "Fair Market Value" of the

Common Stock shall be the fair market value per share as determined jointly in good faith by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, the Fair Market Value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

"Holder" has the meaning set forth in the preamble.

"Original Issue Date" means the date on which the Warrant was issued by the Company pursuant to the Purchase Agreement.

"NASDAQ" means The NASDAQ Stock Market LLC.

"OTC Bulletin Board" means the Financial Industry Regulatory Authority OTC Bulletin Board electronic inter-quotation system.

"Permitted Transferee" means, as to any Holder, such Holder's Affiliates, which shall include any entity, parallel fund or alternative investment vehicle managed by such Holder or any of its Affiliates.

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"Purchase Agreement" has the meaning set forth in the preamble.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as amended from time to time in accordance with its terms).

"Reorganization" means any (i) capital reorganization of the Company, (ii) reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), (iii) consolidation or merger of the Company with or into another Person, (iv) sale of all or substantially all of the Company's assets to another Person or (v) other similar transaction (other than any such transaction covered by **Section 4(d)),** in each case which entitles the holders of Common Stock to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock; provided, however, that a Sale of the Company shall not constitute a Reorganization.

"Sale of the Company" has the meaning set forth in the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as in effect on the date hereof).

"Warrant" means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

"Warrant Shares" means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant.

2. **Term of Warrant.** The Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares on any day during the Exercise Period. Subject to **Section 3(i)** below, this Warrant shall expire and be of no further force and effect upon the expiration of the Exercise Period.

3. **Exercise of Warrant.**

(a) **Exercise Procedure.** During the Exercise Period, this Warrant may be exercised by the Holder for all or from time to time any part of the unexercised Warrant Shares, upon:

(i) surrender of this Warrant to the Company at its then principal executive offices (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with a completed and executed Exercise Agreement; and

(ii) payment to the Company of the Aggregate Exercise Price in accordance with **Section 3(b).**

(b) **Payment of the Aggregate Exercise Price.** Payment of the Aggregate Exercise Price may be made, at the option of the Holder as expressed in the Exercise Agreement, by any of the following methods:

(i) delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company;

(ii) instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price (or the applicable portion thereof);

(iii) surrendering to the Company securities of the Company having a value as of the Exercise Date equal to the Aggregate Exercise Price (or the applicable portion thereof), which value in the case of debt securities shall be the principal amount thereof plus accrued and unpaid interest, in the case of preferred stock shall be the liquidation value thereof plus accumulated and unpaid dividends and in the case of shares of Common Stock shall be the Fair Market Value thereof; or

(iv) any combination of the foregoing.

In the event of any withholding of Warrant Shares or surrender of other equity securities pursuant to clause (ii), (iii) or (iv) above where the number of shares whose value is equal to the Aggregate Exercise Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount equal to the product of (x) such incremental fraction of a share being so withheld or surrendered multiplied by (y) the value thereof as of the Exercise Date determined in accordance with clause (iii) above.

(c) **Delivery of Stock Certificates.** As promptly as practicable, and in any event within five Business Days after receipt by the Company of the Exercise Agreement, surrender of this Warrant and payment of the Aggregate Exercise Price (in accordance with **Section 3(a)** hereof), the Company shall execute (or cause to be executed) and deliver (or cause to be delivered) to the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, together with cash in lieu of any fraction of a share, as provided in **Section 3(d)** hereof. The stock certificate or certificates so delivered shall be in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Agreement and registered in the name of the Holder or such other Person's name as shall be designated in the Exercise Agreement. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(d) **Fractional Shares.** The Company shall not be required to issue a fractional share of Common Stock upon exercise of any Warrant. As to any fraction of a share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (i) such fraction multiplied by (ii) the Fair Market Value of one share of Common Stock on the Exercise Date.

(e) **Delivery of New Warrant.** Unless the purchase rights represented by this Warrant shall have expired or shall have been fully exercised, at the time of delivery of the certificate or certificates representing the Warrant Shares being issued in accordance with **Section 3(c)** hereof, the Company shall deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexpired and unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

(f) **Expenses and Taxes.** The Company shall pay all reasonable out-of-pocket expenses in connection with, and all issuance, stamp and similar taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to (i) the issuance or delivery of the Warrant Shares to any Person other than the Holder, or (ii) the sale or transfer of the Warrants or the Warrant Shares.

(g) **Conditional Exercise.** Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is required to be made in connection with a public offering, a Sale of the Company (pursuant to a merger, sale of stock, or otherwise), or any other event, such exercise may at the election of the Holder be conditioned upon the consummation of such transaction or event, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such event.

(h) **Reservation of Shares.** During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and shall take all such actions as may be necessary or appropriate so that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(i) **Exercise Prior to Expiration.** Notwithstanding any other provision of this Warrant and to the extent this Warrant is not previously exercised as to all Warrant Shares subject hereto, if the Fair Market Value of Warrant Shares is greater than the Exercise Price then in effect, this Warrant shall be deemed automatically exercised by the method set forth in **Section 3(b)(ii)** above immediately before its expiration. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this **Section 3(i),** the Company shall promptly notify the Holder of the number of Warrant Shares the Holder is to receive by reason of such automatic exercise.

(j) **Tax Treatment.** If the Holder elects (or is automatically deemed to elect pursuant to **Section 3(i))** the method of exercise set forth in **Section 3(b)(ii),** the "exchange" of the Warrants is intended to qualify as a recapitalization within the meaning of Section 368(a)(1)(E) of the U.S. Internal Revenue Code of 1986, as amended, and the parties hereto shall report consistently therewith for all tax purposes.

4. **Adjustment to Exercise Price and Number of Warrant Shares.** The Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this **Section 4.**

(a) **Adjustment to Exercise Price Upon Issuance of Common Stock.** Except in the case of an Excluded Issuance or an event described in either **Section 4(d)** or **Section 4(e),** if the Company shall, at any time or from time to time after the Original Issue Date, issue or sell (or in accordance with **Section 4(c)** is deemed to have issued or sold) any shares of Common Stock without consideration or for consideration per share less than the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale), then immediately upon such issuance or sale (or deemed issuance or sale), the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale) shall be reduced (and in no event increased) to an Exercise Price equal to the quotient obtained by dividing:

(i) the sum of (A) the product obtained by multiplying the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) by the Exercise Price then in effect plus (B) the aggregate consideration, if any, received by the Company upon such issuance or sale (or deemed issuance or sale); by

(ii) the sum of (A) the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) plus (B) the aggregate number of shares of Common Stock issued or sold (or deemed issued or sold) by the Company in such issuance or sale (or deemed issuance or sale).

(b) **Adjustment to Number of Warrant Shares Upon Adjustment to Exercise Price.** Upon each adjustment of the Exercise Price as provided in **Section 4(a),** the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment shall be increased to a number of Warrant Shares equal to the quotient obtained by dividing:

(i) the product of (A) the Exercise Price in effect immediately prior to such adjustment multiplied by (B) the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment; by

(ii) the Exercise Price resulting from such adjustment.

(c) **Effect of Certain Events on Adjustment to Exercise Price.**

(i) Issuance of Convertible Securities. If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell (whether directly or by assumption in a merger or otherwise) any Convertible Securities, whether or not immediately exercisable, and the price per share (determined as provided in this paragraph and in **Section 4(c)(iii))** for which Common Stock is issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) is less than the Exercise Price in effect immediately prior to the time of the granting or sale of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) shall be deemed to have been issued as of the date of granting or sale thereof (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a))**, at a price per share equal to the quotient obtained by dividing:

(A) the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a))** of (x) the total amount, if any, actually received by the Company as consideration for the granting or sale of all such Convertible Securities, plus (y) the minimum aggregate amount of additional consideration payable to the Company upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), by

(B) the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof).

(ii) Change in Terms of Convertible Securities. Upon any change in any of (A) the total amount received or receivable by the Company as consideration for the granting or sale of any Convertible Securities, (B) the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange of any Convertible Securities (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), (C) the rate at which Convertible Securities hereof are convertible into or exchangeable for Common Stock, or (D) the maximum number of shares of Common Stock issuable in connection with any Convertible Securities, then (whether or not the original issuance or sale of such Convertible Securities resulted in an adjustment to the Exercise Price pursuant to this **Section 4)** (x) the Exercise Price in effect at the time of such change shall be adjusted or readjusted, as applicable, to the Exercise Price that would have been in effect at such time pursuant to the provisions of this **Section 4** had such Convertible Securities still outstanding provided for such changed consideration, conversion rate or maximum number of shares, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment or readjustment the Exercise Price then in effect is reduced, and (y) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment or readjustment shall be correspondingly adjusted or readjusted pursuant to the provisions of **Section 4(b).**

(iii) Calculation of Consideration Received. If the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or is deemed to have issued or sold, any shares of Common Stock or Convertible Securities: (A) for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor; (B) for consideration other than cash, the amount of such consideration shall be the fair value of such consideration received by the Company, except where such consideration consists of marketable securities, in which case the amount of such consideration shall be the market price (as reflected on any securities exchange, quotation system or association or similar pricing system covering such security) for such securities as of the end of business on the date of receipt of such securities by the Company; (C) for no specifically allocated consideration in connection with an issuance or sale of other securities of the Company, together comprising one integrated

transaction, the amount of the consideration therefor shall be deemed to be the fair value of such portion of the aggregate consideration received by the Company in such transaction as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued in such transaction; or (D) to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued to such owners. The net amount of any cash consideration and the fair value of any consideration other than cash or marketable securities shall be determined in good faith jointly by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, such fair value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

(iv) Record Date. For purposes of any adjustment to the Exercise Price or the number of Warrant Shares in accordance with this **Section 4,** in case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or Convertible Securities or (B) to subscribe for or purchase Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(v) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof or the transfer of such shares among the Company and its wholly-owned subsidiaries) shall be considered an issue or sale of Common Stock.

(d) **Adjustment Upon Dividend, Subdivision or Combination of Common Stock.** If the Company shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock or any other capital stock of the Company payable in shares of Common Stock or Convertible Securities, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, (x) the Exercise Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced and (y) the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, (x) the Exercise Price in effect immediately prior to such combination shall be proportionately increased and (y) the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately decreased. Subject to **Section 4(c)(iv),** any adjustment under this **Section 4(d)** shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

(e) **Adjustment Upon Reorganization, Reclassification, Consolidation or Merger.** In the event of any Reorganization, (A) each Warrant shall remain outstanding and shall thereafter, in lieu of or in addition to (as the case may be) the number of Warrant Shares then exercisable under this Warrant, be exercisable for the kind and number of shares of stock or other securities or assets of the Company or of the successor Person resulting from such transaction to which the Holder would have been entitled upon such Reorganization if the Holder had exercised this Warrant in full immediately prior to the time of such Reorganization and acquired the applicable number of Warrant Shares then issuable hereunder as a result of such exercise (without taking into account any limitations or restrictions on the exercisability of this Warrant); and (B) appropriate adjustment (in form and substance satisfactory to the Holder) shall be made with respect to the Holder's rights under this Warrant to insure that the provisions of this **Section 4** shall thereafter be applicable, as nearly as possible, to this Warrant in relation to any shares of stock, securities or assets thereafter acquirable upon exercise of this Warrant (including, in the case of any consolidation, merger, sale or similar transaction in which the successor or purchasing Person is other than the Company, an immediate adjustment in the Exercise Price to the value per share for the Common Stock reflected by the terms of such consolidation, merger, sale or similar transaction, and a corresponding immediate adjustment to the number of Warrant Shares acquirable upon exercise of this Warrant without regard to any limitations or restrictions on exercise, if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger, sale or similar transaction). The provisions of this **Section 4(e)** shall similarly apply to successive Reorganizations. The Company shall not effect any Reorganization unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such Reorganization shall assume, by written instrument substantially similar in form and substance to this Warrant and satisfactory to the Holder, the obligation to deliver to the Holder such shares of stock, securities or assets which, in accordance with the foregoing provisions, such Holder shall be entitled to receive upon exercise of this Warrant. Notwithstanding anything to the contrary contained herein, the Holder shall have the right to elect prior to the consummation of any Reorganization, to give effect to the exercise rights contained in **Section 2** instead of giving effect to the provisions contained in this **Section 4(e)** with respect to this Warrant.

(f) **Certain Events**. If any event of the type contemplated by the provisions of this **Section 4** but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features) occurs, then the Board shall make an appropriate adjustment in the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant so as to protect the rights of the Holder in a manner consistent with the provisions of this **Section 4**; provided, that no such adjustment pursuant to this **Section 4(f)** shall increase the Exercise Price or decrease the number of Warrant Shares issuable as otherwise determined pursuant to this **Section 4.**

(g) **Certificate as to Adjustment.**

(i) As promptly as reasonably practicable following any adjustment of the Exercise Price, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof.

(ii) As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

(h) **Notices.** In the event:

(i) that the Company shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon exercise of the Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, to vote at a meeting (or by written consent), to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(ii) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another Person, or sale of all or substantially all of the Company's assets to another Person; or

(iii) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company shall send or cause to be sent to the Holder at least ten days prior to the applicable record date or the applicable expected effective date, as the case may be, for the event, a written notice specifying, as the case may be, (A) the record date for such dividend, distribution, meeting or consent or other right or action, and a description of such dividend, distribution or other right or action to be taken at such meeting or by written consent, or (B) the effective date on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up is proposed to take place, and the date, if any is to be fixed, as of which the books of the Company shall close or a record shall be taken with respect to which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon exercise of the Warrant) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Warrant and the Warrant Shares.

5. **Purchase Rights.** In addition to any adjustments pursuant to **Section 4** above, if at any time the Company grants, issues or sells any shares of Common Stock or Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Common Stock as of immediately prior to such grant, issuance or sale (the **"Purchase Rights"),** then the Company shall provide the Holder the right to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights that the Holder would have acquired if the Holder had held the number of Warrant Shares acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

6. T**ransfer of Warrant.** Subject to (x) the prior written consent of the Company (provided, that the Holder may transfer this Warrant without the prior consent of the Company to its Permitted Transferees) and (y) the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices together with (i) a properly completed and duly executed Assignment in the form attached hereto as **Exhibit B,** and (ii) duly executed counterpart signature pages to each of the Stockholders Agreement and the Registration Rights Agreement in the forms attached as **Exhibit C**. Upon such compliance, surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

7. **Holder Not Deemed a Stockholder.** Except as otherwise specifically provided herein, prior to the issuance to the Holder of the Warrant Shares upon the due exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of Warrant Shares for any purpose. Nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this **Section 7**, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

8. **Replacement on Loss; Division and Combination.**

(a) **Replacement of Warrant on Loss.** Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen, mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

(b) **Division and Combination of Warrant.** This Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys. The Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

9. **No Impairment.** The Company shall not, by amendment of its certificate of incorporation or bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder in order to protect the exercise rights of the Holder against dilution or other impairment, consistent with the tenor and purpose of this Warrant.

10. **Representations, Warranties and Covenants of the Company.** The Company hereby represents, covenants and agrees:

(a) This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(b) All Warrant Shares issuable pursuant to the terms hereof shall be, and the Company shall take all such actions as may be necessary or appropriate in order that such Warrant Shares are, upon issuance, validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights, and free and clear of all taxes, liens and charges.

(c) The Company shall, at its own expense, (i) take all such actions as may be necessary or appropriate to ensure that (A) all Warrant Shares are issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which Warrant Shares may be listed at the time of such exercise (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance), and (B) the Warrant Shares, immediately upon their issuance upon the exercise of the Warrants, will be listed on each securities exchange, if any, on which the Common Stock is then listed and (ii) obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities which may from time to time be required of the Company in order to satisfy its obligations hereunder.

(d) This Warrant is not inconsistent with the Company's certificate of incorporation or bylaws, does not contravene any law or governmental rule, regulation or order, does not and will not contravene any provision of, or constitute a default under, any agreement or other instrument to which the Company is a party or by which it is bound, and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms. The Company shall not amend its certificate of incorporation, bylaws or other organizational documents in any way (whether by merger or otherwise) that would (i) adversely affect the Warrantholder or the holders of Warrant Shares in any manner different from such amendment's effect on the class of Common Stock taken as a whole, or (ii) result in a change in the Company's organizational form.

11. **Warrant Register.** The Company shall keep and properly maintain at its principal executive offices books for the registration of the Warrant and any transfers thereof. The Company may deem and treat the Person in whose name the Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of the Warrant effected in accordance with the provisions of this Warrant.

12. **Participation in Corporate Distributions.** The Company shall not declare, make or pay any dividend or other distribution, whether in cash, securities (other than Common Stock or Convertible Securities) or other property, with respect to its Common Stock or any Convertible Securities unless (a) an adjustment to the Exercise Price and the number of Warrant Shares is made with respect thereto pursuant to **Section 4** above or (b) the Company concurrently makes a distribution to the Holder consisting of (i) the amount of cash, securities and property distributed with respect to each outstanding share of Common Stock (in the case of Convertible Securities, determined on an as converted basis) multiplied by (ii) the number of shares of Common Stock then issuable upon exercise of this Warrant.

13. **Miscellaneous**.

(a) **Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 13(a)).**

If to the Company:	SLS Breeze Holdings, Inc. 21300 Victory Blvd., 12th Floor Woodland Hills, CA 91367 Attention: Controller Fax No.: (818) 223-9081 Email: accounting @blackline.com
with a copy (which shall not constitute notice) to:	Silver Lake Sumeru Fund, L.P. 2775 Sand Hill Road, Suite 100 Menlo Park, CA 94025 Attention: Jason Babcoke Fax No.: ### Email: ###
	and
	Kirkland & Ellis LLP 555 California Street San Francisco, CA 94104 Attention: Christopher Kirkham Fax No.: ### Email: ###
If to the Holder:	c/o Tennenbaum Capital Partners, LLC 2951 28th Street, Suite 1000 Santa Monica, CA 90405 Attention: Asher Finci Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Proskauer Rose LLP 2049 Century Park East, Suite 3200 Los Angeles, CA 90067 Attention: Michael A. Woronoff Fax No.: ### Email: ###

(b) **Expenses.** The Company shall pay all out-of-pocket costs and expenses, including reasonable attorneys' fees and fees, costs and expenses of accountants, advisors and consultants, incurred by the Holder and its counsel in connection with (i) any amendments, modifications or waivers of the provisions hereof, or (ii) any dispute or proceeding in respect to the enforcement of the Holder's rights under this Warrant or the Purchase Agreement in which the Holder is the prevailing party.

(c) **Cumulative Remedies.** Except to the extent expressly provided in **Section 7** to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

(d) **Equitable Relief.** Each of the Company and the Holder acknowledges that the rights of each party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party will (i) be without an adequate remedy at law and (ii) suffer irreparable damage. In the event that any party violates or fails or refuses to perform any covenant or agreement made by such party herein, the non-breaching party or parties may, subject to the terms hereof and in addition to any remedy at law for damages or other relief to which such party may be entitled, institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other injunctive or equitable relief, without posting any bond or other undertaking.

(e) **Entire Agreement.** This Warrant, together with the Purchase Agreement (including the exhibits thereto), constitutes the sole and entire agreement of the parties to this Warrant with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

(f) **Successor and Assigns.** Whenever in this Warrant any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties hereto that are contained in this Warrant shall bind and inure to the benefit of their respective successors and assigns. Such successors or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder. The Company shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Holder, and any attempted assignment without such consent shall be null and void.

(g) **Headings.** The headings in this Warrant are for reference only and shall not affect the interpretation of this Warrant.

(h) **Amendment and Modification; Waiver.** This Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(i) **Survival.** The representations, warranties, covenants and conditions of the respective parties contained herein or made pursuant to this Warrant shall survive the execution and delivery of this Warrant.

(j) **Severability.** In the event any one or more of the provisions contained in this Warrant be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(k) **Governing Law.** This Warrant shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

(l) **Submission to Jurisdiction.** Any legal suit, action or proceeding arising out of or based upon this Warrant or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the State of New York in each case located in New York City, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each party irrevocably consents to service of process in the manner provided for notices in Section 13(a). Nothing herein will affect the right of any party to serve process in any other manner permitted by law.

(m) **Waiver of Jury Trial.** Each party acknowledges and agrees that any controversy that may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

(n) **Counterparts.** This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

(o) **No Strict Construction.** This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

SLS BREEZE HOLDINGS, INC.

By: /s/ Charles Best
Name: Charles Best
Title: Vice President, Chief Financial Officer and Treasurer

[Signature Page to Warrant]

Accepted and agreed,

SPECIAL VALUE CONTINUATION
PARTNERS, LP

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name: Phil Tseng
Title: Managing Director

[Signature Page to Warrant]

EXHIBIT A

EXERCISE AGREEMENT

To: _____

(1) The undersigned Holder hereby elects to purchase shares of the Common Stock of SLS Breeze Holdings, Inc. (the **"Company"),** pursuant to the terms of the Warrant dated [ ], 2013 (the **"Warrant")** between the Company and the Holder, and **[tenders herewith a certified or official bank check in the amount consistent with Section 3(b)(i) of the Warrant] [elects the method of exercise set forth in Section 3(b)(ii) of the Warrant] [tenders herewith [•] pursuant to Section 3(b)(iii) of the Warrant].**

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

HOLDER: _____

By: _____

Title: _____

Date: _____

EXHIBIT B

ASSIGNMENT

(To transfer or assign the foregoing Warrant execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby transferred and assigned to

_____

("The Transferee")

whose address is_____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

_____

The transfer made pursuant hereto is made without recourse to the Holder and without representation or warranty express or implied by the Holder, except that the Holder represents and warrants to the Transferee that it is the legal owner of the interest in the Warrant being assigned hereby.

EXHIBIT C

FORM OF JOINDERS

EXHIBIT C-1

JOINDER AGREEMENT TO STOCKHOLDERS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT C-2

JOINDER AGREEMENT TO REGISTRATION RIGHTS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____

Name: _____

Its: _____

Date: _____

Exhibit 4.3

EXECUTION VERSION

WARRANT
SLS BREEZE HOLDINGS, INC.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW. THIS WARRANT IS SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS SET FORTH HEREIN, AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS PURSUANT TO A STOCKHOLDERS AGREEMENT, DATED AS OF SEPTEMBER 3, 2013, AMONG THE ISSUER HEREOF (THE "COMPANY") AND CERTAIN OF THE COMPANY'S STOCKHOLDERS (AS AMENDED AND MODIFIED FROM TIME TO TIME). THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT EXCEPT IN ACCORDANCE WITH THIS WARRANT AND SUCH AGREEMENT, A COPY OF WHICH SHALL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

Warrant Certificate No.: 2

Original Issue Date: September 25, 2013

FOR VALUE RECEIVED, **SLS Breeze Holdings, Inc.,** a Delaware corporation (the **"Company"),** hereby certifies that Tennenbaum Opportunities Fund VI, LLC, a Delaware limited liability company, or its registered assigns (the **"Holder")** is entitled to purchase from the Company 852,269 duly authorized, validly issued, fully paid and nonassessable shares of Common Stock at a purchase price per share initially of $1.00 (subject to adjustment as provided herein, the **"Exercise Price"),** all subject to the terms, conditions and adjustments set forth below in this Warrant.

This Warrant has been issued pursuant to the terms of the Warrant Purchase Agreement, dated as of September 25, 2013 (the **"Purchase Agreement"),** between the Company and the investors listed on Exhibit A thereto.

1**. Definitions.** As used in this Warrant, the following terms have the respective meanings set forth below:

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

"Aggregate Exercise Price" means, on any Exercise Date, an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to **Section 3** hereof, multiplied by (b) the Exercise Price in effect as of the Exercise Date.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday, Sunday or day on which banks in New York, New York or Los Angeles, California are authorized or required by law to close.

"Common Stock" means the common stock, par value $0.01 per share, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

"Common Stock Deemed Outstanding" means, at any time, the sum of (a) the number of shares of Common Stock actually outstanding at such time, plus (b) the number of shares of Common Stock issuable upon exercise, conversion or exchange of Convertible Securities actually outstanding at such time (treating as actually outstanding any Convertible Securities issuable upon exercise of Convertible Securities actually outstanding at such time), in each case, regardless of whether the Convertible Securities are actually exercisable, convertible or exchangeable at such time; provided, that Common Stock Deemed Outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its subsidiaries.

"Company" has the meaning set forth in the preamble.

"Convertible Securities" means warrants, rights, options, evidence of indebtedness, shares of stock or other securities that are convertible into or exercisable or exchangeable for, with or without payment of additional consideration, shares of Common Stock or other

Convertible Securities, either immediately or upon the arrival of a specified date or the happening of a specified event; provided, that options granted to directors, officers, employees, or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, in each case authorized by the Board, shall not constitute Convertible Securities.

"Excluded Issuances" means any issuance or sale by the Company after the Original Issue Date of: (a) shares of Common Stock issued upon the exercise of this Warrant; or (b) shares of Common Stock issued directly or upon the exercise of options to directors, officers, employees, or consultants of the Company in each case (i) in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, and (ii) authorized by the Board.

"Exercise Date" means, for any given exercise of this Warrant, the date on which the conditions to such exercise set forth in **Section 3** shall have been satisfied at or prior to 5:00 p.m., Los Angeles time.

"Exercise Agreement" means an Exercise Agreement in the form attached hereto as **Exhibit A.**

"Exercise Period" means the period from the Original Issue Date through and including the earlier of (x) 5:00 p.m., Los Angeles time, on the tenth anniversary of Original Issue Date or, if such day is not a Business Day, on the next preceding Business Day or (y) the consummation of a Sale of the Company.

"Exercise Price" has the meaning set forth in the preamble.

"Fair Market Value" means, as of any date: (a) the volume weighted average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock is then listed; (b) if there have been no sales of the Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (c) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association for such day; or (d) if there have been no sales of the Common Stock on NASDAQ, the OTC Bulletin Board or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association at the end of such day; in each case, averaged over twenty (20) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association, the "Fair Market Value" of the

Common Stock shall be the fair market value per share as determined jointly in good faith by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, the Fair Market Value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

"Holder" has the meaning set forth in the preamble.

"Original Issue Date" means the date on which the Warrant was issued by the Company pursuant to the Purchase Agreement.

"NASDAQ" means The NASDAQ Stock Market LLC.

"OTC Bulletin Board" means the Financial Industry Regulatory Authority OTC Bulletin Board electronic inter-quotation system.

"Permitted Transferee" means, as to any Holder, such Holder's Affiliates, which shall include any entity, parallel fund or alternative investment vehicle managed by such Holder or any of its Affiliates.

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"Purchase Agreement" has the meaning set forth in the preamble.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as amended from time to time in accordance with its terms).

"Reorganization" means any (i) capital reorganization of the Company, (ii) reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), (iii) consolidation or merger of the Company with or into another Person, (iv) sale of all or substantially all of the Company's assets to another Person or (v) other similar transaction (other than any such transaction covered by **Section 4(d)),** in each case which entitles the holders of Common Stock to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock; provided, however, that a Sale of the Company shall not constitute a Reorganization.

"Sale of the Company" has the meaning set forth in the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as in effect on the date hereof).

"Warrant" means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

"Warrant Shares" means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant.

2. **Term of Warrant**. The Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares on any day during the Exercise Period. Subject to **Section 3(i)** below, this Warrant shall expire and be of no further force and effect upon the expiration of the Exercise Period.

3. **Exercise of Warrant.**

(a) **Exercise Procedure.** During the Exercise Period, this Warrant may be exercised by the Holder for all or from time to time any part of the unexercised Warrant Shares, upon:

(i) surrender of this Warrant to the Company at its then principal executive offices (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with a completed and executed Exercise Agreement; and

(ii) payment to the Company of the Aggregate Exercise Price in accordance with **Section 3(b).**

(b) **Payment** of **the Aggregate Exercise Price.** Payment of the Aggregate Exercise Price may be made, at the option of the Holder as expressed in the Exercise Agreement, by any of the following methods:

(i) delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company;

(ii) instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price (or the applicable portion thereof);

(iii) surrendering to the Company securities of the Company having a value as of the Exercise Date equal to the Aggregate Exercise Price (or the applicable portion thereof), which value in the case of debt securities shall be the principal amount thereof plus accrued and unpaid interest, in the case of preferred stock shall be the liquidation value thereof plus accumulated and unpaid dividends and in the case of shares of Common Stock shall be the Fair Market Value thereof; or

(iv) any combination of the foregoing.

In the event of any withholding of Warrant Shares or surrender of other equity securities pursuant to clause (ii), (iii) or (iv) above where the number of shares whose value is equal to the Aggregate Exercise Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount equal to the product of (x) such incremental fraction of a share being so withheld or surrendered multiplied by (y) the value thereof as of the Exercise Date determined in accordance with clause (iii) above.

(c) **Delivery of Stock Certificates.** As promptly as practicable, and in any event within five Business Days after receipt by the Company of the Exercise Agreement, surrender of this Warrant and payment of the Aggregate Exercise Price (in accordance with **Section 3(a)** hereof), the Company shall execute (or cause to be executed) and deliver (or cause to be delivered) to the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, together with cash in lieu of any fraction of a share, as provided in **Section 3(d)** hereof. The stock certificate or certificates so delivered shall be in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Agreement and registered in the name of the Holder or such other Person's name as shall be designated in the Exercise Agreement. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(d) **Fractional Shares.** The Company shall not be required to issue a fractional share of Common Stock upon exercise of any Warrant. As to any fraction of a share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (i) such fraction multiplied by (ii) the Fair Market Value of one share of Common Stock on the Exercise Date.

(e) **Delivery of New Warrant.** Unless the purchase rights represented by this Warrant shall have expired or shall have been fully exercised, at the time of delivery of the certificate or certificates representing the Warrant Shares being issued in accordance with **Section 3(c)** hereof, the Company shall deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexpired and unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

(f) **Expenses and Taxes.** The Company shall pay all reasonable out-of-pocket expenses in connection with, and all issuance, stamp and similar taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to (i) the issuance or delivery of the Warrant Shares to any Person other than the Holder, or (ii) the sale or transfer of the Warrants or the Warrant Shares.

(g) **Conditional Exercise.** Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is required to be made in connection with a public offering, a Sale of the Company (pursuant to a merger, sale of stock, or otherwise), or any other event, such exercise may at the election of the Holder be conditioned upon the consummation of such transaction or event, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such event.

(h) **Reservation of Shares.** During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and shall take all such actions as may be necessary or appropriate so that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(i) **Exercise Prior to Expiration.** Notwithstanding any other provision of this Warrant and to the extent this Warrant is not previously exercised as to all Warrant Shares subject hereto, if the Fair Market Value of Warrant Shares is greater than the Exercise Price then in effect, this Warrant shall be deemed automatically exercised by the method set forth in **Section 3(b)(ii)** above immediately before its expiration. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this **Section 3(i),** the Company shall promptly notify the Holder of the number of Warrant Shares the Holder is to receive by reason of such automatic exercise.

(j) **Tax Treatment.** If the Holder elects (or is automatically deemed to elect pursuant to **Section 3(i))** the method of exercise set forth in **Section 3(b)(ii),** the "exchange" of the Warrants is intended to qualify as a recapitalization within the meaning of Section 368(a)(1)(E) of the U.S. Internal Revenue Code of 1986, as amended, and the parties hereto shall report consistently therewith for all tax purposes.

4. Adjustment to Exercise Price and Number of Warrant Shares. The Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this **Section 4.**

(a) **Adjustment to Exercise Price Upon Issuance of Common Stock.** Except in the case of an Excluded Issuance or an event described in either **Section 4(d)** or **Section 4(e),** if the Company shall, at any time or from time to time after the Original Issue Date, issue or sell (or in accordance with **Section 4(c)** is deemed to have issued or sold) any shares of Common Stock without consideration or for consideration per share less than the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale), then immediately upon such issuance or sale (or deemed issuance or sale), the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale) shall be reduced (and in no event increased) to an Exercise Price equal to the quotient obtained by dividing:

(i) the sum of (A) the product obtained by multiplying the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) by the Exercise Price then in effect plus (B) the aggregate consideration, if any, received by the Company upon such issuance or sale (or deemed issuance or sale); by

(ii) the sum of (A) the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) plus (B) the aggregate number of shares of Common Stock issued or sold (or deemed issued or sold) by the Company in such issuance or sale (or deemed issuance or sale).

(b) **Adjustment to Number of Warrant Shares Upon Adjustment to Exercise Price.** Upon each adjustment of the Exercise Price as provided in **Section 4(a),** the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment shall be increased to a number of Warrant Shares equal to the quotient obtained by dividing:

(i) the product of (A) the Exercise Price in effect immediately prior to such adjustment multiplied by (B) the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment; by

(ii) the Exercise Price resulting from such adjustment.

(c) **Effect of Certain Events on Adjustment to Exercise Price.**

(i) Issuance of Convertible Securities. If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell (whether directly or by assumption in a merger or otherwise) any Convertible Securities, whether or not immediately exercisable, and the price per share (determined as provided in this paragraph and in Section 4(c)(iii)) for which Common Stock is issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) is less than the Exercise Price in effect immediately prior to the time of the granting or sale of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) shall be deemed to have been issued as of the date of granting or sale thereof (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a))**, at a price per share equal to the quotient obtained by dividing:

(A) the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a)**) of (x) the total amount, if any, actually received by the Company as consideration for the granting or sale of all such Convertible Securities, plus (y) the minimum aggregate amount of additional consideration payable to the Company upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), by

(B) the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof).

(ii) Change in Terms of Convertible Securities. Upon any change in any of (A) the total amount received or receivable by the Company as consideration for the granting or sale of any Convertible Securities, (B) the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange of any Convertible Securities (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), (C) the rate at which Convertible Securities hereof are convertible into or exchangeable for Common Stock, or (D) the maximum number of shares of Common Stock issuable in connection with any Convertible Securities, then (whether or not the original issuance or sale of such Convertible Securities resulted in an adjustment to the Exercise Price pursuant to this **Section 4)** (x) the Exercise Price in effect at the time of such change shall be adjusted or readjusted, as applicable, to the Exercise Price that would have been in effect at such time pursuant to the provisions of this **Section 4** had such Convertible Securities still outstanding provided for such changed consideration, conversion rate or maximum number of shares, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment or readjustment the Exercise Price then in effect is reduced, and (y) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment or readjustment shall be correspondingly adjusted or readjusted pursuant to the provisions of **Section 4(b)**.

(iii) Calculation of Consideration Received. If the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or is deemed to have issued or sold, any shares of Common Stock or Convertible Securities: (A) for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor; (B) for consideration other than cash, the amount of such consideration shall be the fair value of such consideration received by the Company, except where such consideration consists of marketable securities, in which case the amount of such consideration shall be the market price (as reflected on any securities exchange, quotation system or association or similar pricing system covering such security) for such securities as of the end of business on the date of receipt of such securities by the Company; (C) for no specifically allocated consideration in connection with an issuance or sale of other securities of the Company, together comprising one integrated

transaction, the amount of the consideration therefor shall be deemed to be the fair value of such portion of the aggregate consideration received by the Company in such transaction as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued in such transaction; or (D) to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued to such owners. The net amount of any cash consideration and the fair value of any consideration other than cash or marketable securities shall be determined in good faith jointly by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, such fair value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

(iv) Record Date. For purposes of any adjustment to the Exercise Price or the number of Warrant Shares in accordance with this **Section 4,** in case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or Convertible Securities or (B) to subscribe for or purchase Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(v) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof or the transfer of such shares among the Company and its wholly-owned subsidiaries) shall be considered an issue or sale of Common Stock.

(d) **Adjustment Upon Dividend, Subdivision or Combination of Common Stock.** If the Company shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock or any other capital stock of the Company payable in shares of Common Stock or Convertible Securities, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, (x) the Exercise Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced and (y) the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, (x) the Exercise Price in effect immediately prior to such combination shall be proportionately increased and (y) the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately decreased. Subject to **Section 4(c)(iv),** any adjustment under this **Section 4(d)** shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

(e) **Adjustment Upon Reorganization, Reclassification, Consolidation or Merger.** In the event of any Reorganization, (A) each Warrant shall remain outstanding and shall thereafter, in lieu of or in addition to (as the case may be) the number of Warrant Shares then exercisable under this Warrant, be exercisable for the kind and number of shares of stock or other securities or assets of the Company or of the successor Person resulting from such transaction to which the Holder would have been entitled upon such Reorganization if the Holder had exercised this Warrant in full immediately prior to the time of such Reorganization and acquired the applicable number of Warrant Shares then issuable hereunder as a result of such exercise (without taking into account any limitations or restrictions on the exercisability of this Warrant); and (B) appropriate adjustment (in form and substance satisfactory to the Holder) shall be made with respect to the Holder's rights under this Warrant to insure that the provisions of this **Section 4** shall thereafter be applicable, as nearly as possible, to this Warrant in relation to any shares of stock, securities or assets thereafter acquirable upon exercise of this Warrant (including, in the case of any consolidation, merger, sale or similar transaction in which the successor or purchasing Person is other than the Company, an immediate adjustment in the Exercise Price to the value per share for the Common Stock reflected by the terms of such consolidation, merger, sale or similar transaction, and a corresponding immediate adjustment to the number of Warrant Shares acquirable upon exercise of this Warrant without regard to any limitations or restrictions on exercise, if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger, sale or similar transaction). The provisions of this **Section 4(e)** shall similarly apply to successive Reorganizations. The Company shall not effect any Reorganization unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such Reorganization shall assume, by written instrument substantially similar in form and substance to this Warrant and satisfactory to the Holder, the obligation to deliver to the Holder such shares of stock, securities or assets which, in accordance with the foregoing provisions, such Holder shall be entitled to receive upon exercise of this Warrant. Notwithstanding anything to the contrary contained herein, the Holder shall have the right to elect prior to the consummation of any Reorganization, to give effect to the exercise rights contained in **Section 2** instead of giving effect to the provisions contained in this **Section 4(e)** with respect to this Warrant.

(f) **Certain Events**. If any event of the type contemplated by the provisions of this **Section 4** but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features) occurs, then the Board shall make an appropriate adjustment in the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant so as to protect the rights of the Holder in a manner consistent with the provisions of this **Section 4;** provided, that no such adjustment pursuant to this **Section 4(f)** shall increase the Exercise Price or decrease the number of Warrant Shares issuable as otherwise determined pursuant to this **Section 4.**

(g) **Certificate as to Adjustment.**

(i) As promptly as reasonably practicable following any adjustment of the Exercise Price, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof.

(ii) As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

(h) **Notices.** In the event:

(i) that the Company shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon exercise of the Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, to vote at a meeting (or by written consent), to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(ii) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another Person, or sale of all or substantially all of the Company's assets to another Person; or

(iii) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company shall send or cause to be sent to the Holder at least ten days prior to the applicable record date or the applicable expected effective date, as the case may be, for the event, a written notice specifying, as the case may be, (A) the record date for such dividend, distribution, meeting or consent or other right or action, and a description of such dividend, distribution or other right or action to be taken at such meeting or by written consent, or (B) the effective date on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up is proposed to take place, and the date, if any is to be fixed, as of which the books of the Company shall close or a record shall be taken with respect to which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon exercise of the Warrant) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Warrant and the Warrant Shares.

5. **Purchase Rights**. In addition to any adjustments pursuant to **Section 4** above, if at any time the Company grants, issues or sells any shares of Common Stock or Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Common Stock as of immediately prior to such grant, issuance or sale (the "**Purchase Rights**"), then the Company shall provide the Holder the right to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights that the Holder would have acquired if the Holder had held the number of Warrant Shares acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

6. **Transfer of Warrant**. Subject to (x) the prior written consent of the Company (provided, that the Holder may transfer this Warrant without the prior consent of the Company to its Permitted Transferees) and (y) the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices together with (i) a properly completed and duly executed Assignment in the form attached hereto as **Exhibit B**, and (ii) duly executed counterpart signature pages to each of the Stockholders Agreement and the Registration Rights Agreement in the forms attached as **Exhibit C**. Upon such compliance, surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

7. **Holder Not Deemed a Stockholder**. Except as otherwise specifically provided herein, prior to the issuance to the Holder of the Warrant Shares upon the due exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of Warrant Shares for any purpose. Nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this **Section 7**, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

8. **Replacement on Loss; Division and Combination.**

(a) **Replacement of Warrant on Loss**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen, mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

(b) **Division and Combination of Warrant**. This Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys. The Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

9. **No Impairment**. The Company shall not, by amendment of its certificate of incorporation or bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder in order to protect the exercise rights of the Holder against dilution or other impairment, consistent with the tenor and purpose of this Warrant.

10. **Representations, Warranties and Covenants of the Company**. The Company hereby represents, covenants and agrees:

(a) This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(b) All Warrant Shares issuable pursuant to the terms hereof shall be, and the Company shall take all such actions as may be necessary or appropriate in order that such Warrant Shares are, upon issuance, validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights, and free and clear of all taxes, liens and charges.

(c) The Company shall, at its own expense, (i) take all such actions as may be necessary or appropriate to ensure that (A) all Warrant Shares are issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which Warrant Shares may be listed at the time of such exercise (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance), and (B) the Warrant Shares, immediately upon their issuance upon the exercise of the Warrants, will be listed on each securities exchange, if any, on which the Common Stock is then listed and (ii) obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities which may from time to time be required of the Company in order to satisfy its obligations hereunder.

(d) This Warrant is not inconsistent with the Company's certificate of incorporation or bylaws, does not contravene any law or governmental rule, regulation or order, does not and will not contravene any provision of, or constitute a default under, any agreement or other instrument to which the Company is a party or by which it is bound, and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms. The Company shall not amend its certificate of incorporation, bylaws or other organizational documents in any way (whether by merger or otherwise) that would (i) adversely affect the Warrantholder or the holders of Warrant Shares in any manner different from such amendment's effect on the class of Common Stock taken as a whole, or (ii) result in a change in the Company's organizational form.

11. **Warrant Register**. The Company shall keep and properly maintain at its principal executive offices books for the registration of the Warrant and any transfers thereof. The Company may deem and treat the Person in whose name the Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of the Warrant effected in accordance with the provisions of this Warrant.

12. **Participation in Corporate Distributions**. The Company shall not declare, make or pay any dividend or other distribution, whether in cash, securities (other than Common Stock or Convertible Securities) or other property, with respect to its Common Stock or any Convertible Securities unless (a) an adjustment to the Exercise Price and the number of Warrant Shares is made with respect thereto pursuant to **Section 4** above or (b) the Company concurrently makes a distribution to the Holder consisting of (i) the amount of cash, securities and property distributed with respect to each outstanding share of Common Stock (in the case of Convertible Securities, determined on an as converted basis) multiplied by (ii) the number of shares of Common Stock then issuable upon exercise of this Warrant.

13. **Miscellaneous.**

(a) **Notices**. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 13(a)**).

If to the Company:	SLS Breeze Holdings, Inc. 21300 Victory Blvd., 12th Floor Woodland Hills, CA 91367 Attention: Controller Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Silver Lake Sumeru Fund, L.P. 2775 Sand Hill Road, Suite 100 Menlo Park, CA 94025 Attention: Jason Babcoke Fax No.: ### Email: ### and Kirkland & Ellis LLP 555 California Street San Francisco, CA 94104 Attention: Christopher Kirkham Fax No.: ### Email: ###
If to the Holder:	c/o Tennenbaum Capital Partners, LLC 2951 28th Street, Suite 1000 Santa Monica, CA 90405 Attention: Asher Finci Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Proskauer Rose LLP 2049 Century Park East, Suite 3200 Los Angeles, CA 90067 Attention: Michael A. Woronoff Fax No.: ### Email: ###

(b) **Expenses**. The Company shall pay all out-of-pocket costs and expenses, including reasonable attorneys' fees and fees, costs and expenses of accountants, advisors and consultants, incurred by the Holder and its counsel in connection with (i) any amendments, modifications or waivers of the provisions hereof, or (ii) any dispute or proceeding in respect to the enforcement of the Holder's rights under this Warrant or the Purchase Agreement in which the Holder is the prevailing party.

(c) **Cumulative Remedies.** Except to the extent expressly provided in **Section 7** to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

(d) **Equitable Relief.** Each of the Company and the Holder acknowledges that the rights of each party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party will (i) be without an adequate remedy at law and (ii) suffer irreparable damage. In the event that any party violates or fails or refuses to perform any covenant or agreement made by such party herein, the non-breaching party or parties may, subject to the terms hereof and in addition to any remedy at law for damages or other relief to which such party may be entitled, institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other injunctive or equitable relief, without posting any bond or other undertaking.

(e) **Entire Agreement.** This Warrant, together with the Purchase Agreement (including the exhibits thereto), constitutes the sole and entire agreement of the parties to this Warrant with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

(f) **Successor and Assigns.** Whenever in this Warrant any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties hereto that are contained in this Warrant shall bind and inure to the benefit of their respective successors and assigns. Such successors or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder. The Company shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Holder, and any attempted assignment without such consent shall be null and void.

(g) **Headings.** The headings in this Warrant are for reference only and shall not affect the interpretation of this Warrant.

(h) **Amendment and Modification; Waiver.** This Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(i) **Survival.** The representations, warranties, covenants and conditions of the respective parties contained herein or made pursuant to this Warrant shall survive the execution and delivery of this Warrant.

(j) **Severability.** In the event any one or more of the provisions contained in this Warrant be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(k) **Governing Law.** This Warrant shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

(l) **Submission to Jurisdiction.** Any legal suit, action or proceeding arising out of or based upon this Warrant or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the State of New York in each case located in New York City, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each party irrevocably consents to service of process in the manner provided for notices in Section 13(a). Nothing herein will affect the right of any party to serve process in any other manner permitted by law.

(m) **Waiver of Jury Trial.** Each party acknowledges and agrees that any controversy that may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

(n) **Counterparts.** This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

(o) **No Strict Construction.** This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

SLS BREEZE HOLDINGS, INC.

By: /s/ Charles Best
Name: Charles Best
Title: Vice President, Chief Financial Officer and Treasurer

[Signature Page to Warrant]

Accepted and agreed,

TENNENBAUM OPPORTUNITIES FUND VI, LLC

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name: Phil Tseng
Title: Managing Director

[Signature Page to Warrant]

EXHIBIT A

EXERCISE AGREEMENT

To: _____

(1) The undersigned Holder hereby elects to purchase shares of the Common Stock of SLS Breeze Holdings, Inc. (the **"Company"),** pursuant to the terms of the Warrant dated [ ], 2013 (the **"Warrant")** between the Company and the Holder, and **[tenders herewith a certified or official bank check in the amount consistent with Section 3(b)(i) of the Warrant] [elects the method of exercise set forth in Section 3(b)(ii) of the Warrant] [tenders herewith [•] pursuant to Section 3(b)(iii) of the Warrant].**

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

HOLDER: _____

By: _____

Title: _____

Date: _____

EXHIBIT B

ASSIGNMENT

(To transfer or assign the foregoing Warrant execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby transferred and assigned to

_____

("The Transferee")

whose address is _____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

_____

The transfer made pursuant hereto is made without recourse to the Holder and without representation or warranty express or implied by the Holder, except that the Holder represents and warrants to the Transferee that it is the legal owner of the interest in the Warrant being assigned hereby.

EXHIBIT C

FORM OF JOINDERS

EXHIBIT C-1

JOINDER AGREEMENT TO STOCKHOLDERS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____
Name: _____
Its: _____

Date: _____

EXHIBIT C-2

JOINDER AGREEMENT TO REGISTRATION RIGHTS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____
Name: _____
Its: _____

Date: _____

Exhibit 4.4

EXECUTION VERSION

WARRANT
SLS BREEZE HOLDINGS, INC.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW. THIS WARRANT IS SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS SET FORTH HEREIN, AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS PURSUANT TO A STOCKHOLDERS AGREEMENT, DATED AS OF SEPTEMBER 3, 2013, AMONG THE ISSUER HEREOF (THE "COMPANY") AND CERTAIN OF THE COMPANY'S STOCKHOLDERS (AS AMENDED AND MODIFIED FROM TIME TO TIME). THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT EXCEPT IN ACCORDANCE WITH THIS WARRANT AND SUCH AGREEMENT, A COPY OF WHICH SHALL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

Warrant Certificate No.: 3

Original Issue Date: September 25, 2013

FOR VALUE RECEIVED, **SLS Breeze Holdings, Inc.**, a Delaware corporation (the "**Company**"), hereby certifies that Tennenbaum Senior Loan Fund II, LP, a Delaware limited partnership, or its registered assigns (the "**Holder**") is entitled to purchase from the Company 250,000 duly authorized, validly issued, fully paid and nonassessable shares of Common Stock at a purchase price per share initially of $1.00 (subject to adjustment as provided herein, the "**Exercise Price**"), all subject to the terms, conditions and adjustments set forth below in this Warrant.

This Warrant has been issued pursuant to the terms of the Warrant Purchase Agreement, dated as of September 25, 2013 (the "**Purchase Agreement**"), between the Company and the investors listed on Exhibit A thereto.

1. **Definitions**. As used in this Warrant, the following terms have the respective meanings set forth below:

"**Affiliate**" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

"**Aggregate Exercise Price**" means, on any Exercise Date, an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to **Section 3** hereof, multiplied by (b) the Exercise Price in effect as of the Exercise Date.

"**Board**" means the board of directors of the Company.

"**Business Day**" means any day other than a Saturday, Sunday or day on which banks in New York, New York or Los Angeles, California are authorized or required by law to close.

"**Common Stock**" means the common stock, par value $0.01 per share, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

"**Common Stock Deemed Outstanding**" means, at any time, the sum of (a) the number of shares of Common Stock actually outstanding at such time, plus (b) the number of shares of Common Stock issuable upon exercise, conversion or exchange of Convertible Securities actually outstanding at such time (treating as actually outstanding any Convertible Securities issuable upon exercise of Convertible Securities actually outstanding at such time), in each case, regardless of whether the Convertible Securities are actually exercisable, convertible or exchangeable at such time; provided, that Common Stock Deemed Outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its subsidiaries.

"**Company**" has the meaning set forth in the preamble.

"**Convertible Securities**" means warrants, rights, options, evidence of indebtedness, shares of stock or other securities that are convertible into or exercisable or exchangeable for, with or without payment of additional consideration, shares of Common Stock or other

Convertible Securities, either immediately or upon the arrival of a specified date or the happening of a specified event; provided, that options granted to directors, officers, employees, or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, in each case authorized by the Board, shall not constitute Convertible Securities.

"**Excluded Issuances**" means any issuance or sale by the Company after the Original Issue Date of: (a) shares of Common Stock issued upon the exercise of this Warrant; or (b) shares of Common Stock issued directly or upon the exercise of options to directors, officers, employees, or consultants of the Company in each case (i) in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, and (ii) authorized by the Board.

"**Exercise Date**" means, for any given exercise of this Warrant, the date on which the conditions to such exercise set forth in **Section 3** shall have been satisfied at or prior to 5:00 p.m., Los Angeles time.

"**Exercise Agreement**" means an Exercise Agreement in the form attached hereto as **Exhibit A**.

"**Exercise Period**" means the period from the Original Issue Date through and including the earlier of (x) 5:00 p.m., Los Angeles time, on the tenth anniversary of Original Issue Date or, if such day is not a Business Day, on the next preceding Business Day or (y) the consummation of a Sale of the Company.

"**Exercise Price**" has the meaning set forth in the preamble.

"**Fair Market Value**" means, as of any date: (a) the volume weighted average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock is then listed; (b) if there have been no sales of the Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (c) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association for such day; or (d) if there have been no sales of the Common Stock on NASDAQ, the OTC Bulletin Board or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association at the end of such day; in each case, averaged over twenty (20) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association, the "Fair Market Value" of the

Common Stock shall be the fair market value per share as determined jointly in good faith by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, the Fair Market Value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

"**Holder**" has the meaning set forth in the preamble.

"**Original Issue Date**" means the date on which the Warrant was issued by the Company pursuant to the Purchase Agreement.

"**NASDAQ**" means The NASDAQ Stock Market LLC.

"**OTC Bulletin Board**" means the Financial Industry Regulatory Authority OTC Bulletin Board electronic inter-quotation system.

"**Permitted Transferee**" means, as to any Holder, such Holder's Affiliates, which shall include any entity, parallel fund or alternative investment vehicle managed by such Holder or any of its Affiliates.

"**Person**" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"**Purchase Agreement**" has the meaning set forth in the preamble.

"**Registration Rights Agreement**" means the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as amended from time to time in accordance with its terms).

"**Reorganization**" means any (i) capital reorganization of the Company, (ii) reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), (iii) consolidation or merger of the Company with or into another Person, (iv) sale of all or substantially all of the Company's assets to another Person or (v) other similar transaction (other than any such transaction covered by **Section 4(d)**), in each case which entitles the holders of Common Stock to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock; provided, however, that a Sale of the Company shall not constitute a Reorganization.

"**Sale of the Company**" has the meaning set forth in the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as in effect on the date hereof).

"**Warrant**" means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

"**Warrant Shares**" means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant.

2. **Term of Warrant**. The Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares on any day during the Exercise Period. Subject to **Section 3(i)** below, this Warrant shall expire and be of no further force and effect upon the expiration of the Exercise Period.

3. **Exercise of Warrant**.

(a) **Exercise Procedure**. During the Exercise Period, this Warrant may be exercised by the Holder for all or from time to time any part of the unexercised Warrant Shares, upon:

(i) surrender of this Warrant to the Company at its then principal executive offices (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with a completed and executed Exercise Agreement; and

(ii) payment to the Company of the Aggregate Exercise Price in accordance with **Section 3(b)**.

(b) **Payment of the Aggregate Exercise Price**. Payment of the Aggregate Exercise Price may be made, at the option of the Holder as expressed in the Exercise Agreement, by any of the following methods:

(i) delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company;

(ii) instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price (or the applicable portion thereof);

(iii) surrendering to the Company securities of the Company having a value as of the Exercise Date equal to the Aggregate Exercise Price (or the applicable portion thereof), which value in the case of debt securities shall be the principal amount thereof plus accrued and unpaid interest, in the case of preferred stock shall be the liquidation value thereof plus accumulated and unpaid dividends and in the case of shares of Common Stock shall be the Fair Market Value thereof; or

(iv) any combination of the foregoing.

In the event of any withholding of Warrant Shares or surrender of other equity securities pursuant to clause (ii), (iii) or (iv) above where the number of shares whose value is equal to the Aggregate Exercise Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount equal to the product of (x) such incremental fraction of a share being so withheld or surrendered multiplied by (y) the value thereof as of the Exercise Date determined in accordance with clause (iii) above.

(c) **Delivery of Stock Certificates**. As promptly as practicable, and in any event within five Business Days after receipt by the Company of the Exercise Agreement, surrender of this Warrant and payment of the Aggregate Exercise Price (in accordance with **Section 3(a)** hereof), the Company shall execute (or cause to be executed) and deliver (or cause to be delivered) to the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, together with cash in lieu of any fraction of a share, as provided in **Section 3(d)** hereof. The stock certificate or certificates so delivered shall be in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Agreement and registered in the name of the Holder or such other Person's name as shall be designated in the Exercise Agreement. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(d) **Fractional Shares**. The Company shall not be required to issue a fractional share of Common Stock upon exercise of any Warrant. As to any fraction of a share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (i) such fraction multiplied by (ii) the Fair Market Value of one share of Common Stock on the Exercise Date.

(e) **Delivery of New Warrant**. Unless the purchase rights represented by this Warrant shall have expired or shall have been fully exercised, at the time of delivery of the certificate or certificates representing the Warrant Shares being issued in accordance with **Section 3(c)** hereof, the Company shall deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexpired and unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

(f) **Expenses and Taxes**. The Company shall pay all reasonable out-of-pocket expenses in connection with, and all issuance, stamp and similar taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to (i) the issuance or delivery of the Warrant Shares to any Person other than the Holder, or (ii) the sale or transfer of the Warrants or the Warrant Shares.

(g) **Conditional Exercise**. Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is required to be made in connection with a public offering, a Sale of the Company (pursuant to a merger, sale of stock, or otherwise), or any other event, such exercise may at the election of the Holder be conditioned upon the consummation of such transaction or event, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such event.

(h) **Reservation of Shares**. During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and shall take all such actions as may be necessary or appropriate so that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(i) **Exercise Prior to Expiration**. Notwithstanding any other provision of this Warrant and to the extent this Warrant is not previously exercised as to all Warrant Shares subject hereto, if the Fair Market Value of Warrant Shares is greater than the Exercise Price then in effect, this Warrant shall be deemed automatically exercised by the method set forth in **Section 3(b)(ii)** above immediately before its expiration. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this **Section 3(i)**, the Company shall promptly notify the Holder of the number of Warrant Shares the Holder is to receive by reason of such automatic exercise.

(j) **Tax Treatment**. If the Holder elects (or is automatically deemed to elect pursuant to **Section 3(i)**) the method of exercise set forth in **Section 3(b)(ii)**, the "exchange" of the Warrants is intended to qualify as a recapitalization within the meaning of Section 368(a)(1)(E) of the U.S. Internal Revenue Code of 1986, as amended, and the parties hereto shall report consistently therewith for all tax purposes.

4. **Adjustment to Exercise Price and Number of Warrant Shares**. The Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this **Section 4**.

(a) **Adjustment to Exercise Price Upon Issuance of Common Stock**. Except in the case of an Excluded Issuance or an event described in either **Section 4(d)** or **Section 4(e)**, if the Company shall, at any time or from time to time after the Original Issue Date, issue or sell (or in accordance with **Section 4(c)** is deemed to have issued or sold) any shares of Common Stock without consideration or for consideration per share less than the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale), then immediately upon

such issuance or sale (or deemed issuance or sale), the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale) shall be reduced (and in no event increased) to an Exercise Price equal to the quotient obtained by dividing:

(i) the sum of (A) the product obtained by multiplying the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) by the Exercise Price then in effect plus (B) the aggregate consideration, if any, received by the Company upon such issuance or sale (or deemed issuance or sale); by

(ii) the sum of (A) the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) plus (B) the aggregate number of shares of Common Stock issued or sold (or deemed issued or sold) by the Company in such issuance or sale (or deemed issuance or sale).

(b) **Adjustment to Number of Warrant Shares Upon Adjustment to Exercise Price**. Upon each adjustment of the Exercise Price as provided in **Section 4(a)**, the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment shall be increased to a number of Warrant Shares equal to the quotient obtained by dividing:

(i) the product of (A) the Exercise Price in effect immediately prior to such adjustment multiplied by (B) the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment; by

(ii) the Exercise Price resulting from such adjustment.

(c) **Effect of Certain Events on Adjustment to Exercise Price**.

(i) Issuance of Convertible Securities. If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell (whether directly or by assumption in a merger or otherwise) any Convertible Securities, whether or not immediately exercisable, and the price per share (determined as provided in this paragraph and in **Section 4(c)(iii)**) for which Common Stock is issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) is less than the Exercise Price in effect immediately prior to the time of the granting or sale of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) shall be deemed to have been issued as of the date of granting or sale thereof (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a)**), at a price per share equal to the quotient obtained by dividing:

(A) the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a)**) of (x) the total amount, if any, actually received by the Company as consideration for the granting or sale of all such Convertible Securities, plus (y) the minimum aggregate amount of additional consideration payable to the Company upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), by

(B) the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof).

(ii) Change in Terms of Convertible Securities. Upon any change in any of (A) the total amount received or receivable by the Company as consideration for the granting or sale of any Convertible Securities, (B) the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange of any Convertible Securities (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), (C) the rate at which Convertible Securities hereof are convertible into or exchangeable for Common Stock, or (D) the maximum number of shares of Common Stock issuable in connection with any Convertible Securities, then (whether or not the original issuance or sale of such Convertible Securities resulted in an adjustment to the Exercise Price pursuant to this **Section 4**) (x) the Exercise Price in effect at the time of such change shall be adjusted or readjusted, as applicable, to the Exercise Price that would have been in effect at such time pursuant to the provisions of this **Section 4** had such Convertible Securities still outstanding provided for such changed consideration, conversion rate or maximum number of shares, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment or readjustment the Exercise Price then in effect is reduced, and (y) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment or readjustment shall be correspondingly adjusted or readjusted pursuant to the provisions of **Section 4(b)**.

(iii) Calculation of Consideration Received. If the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or is deemed to have issued or sold, any shares of Common Stock or Convertible Securities: (A) for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor; (B) for consideration other than cash, the amount of such consideration shall be the fair value of such consideration received by the Company, except where such consideration consists of marketable securities, in which case the amount of such consideration shall be the market price (as reflected on any securities exchange, quotation system or association or similar pricing system covering such security) for such securities as of the end of business on the date of receipt of such securities by the Company; (C) for no specifically allocated consideration in connection with an issuance or sale of other securities of the Company, together comprising one integrated

transaction, the amount of the consideration therefor shall be deemed to be the fair value of such portion of the aggregate consideration received by the Company in such transaction as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued in such transaction; or (D) to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued to such owners. The net amount of any cash consideration and the fair value of any consideration other than cash or marketable securities shall be determined in good faith jointly by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, such fair value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

(iv) Record Date. For purposes of any adjustment to the Exercise Price or the number of Warrant Shares in accordance with this **Section 4**, in case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or Convertible Securities or (B) to subscribe for or purchase Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(v) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof or the transfer of such shares among the Company and its wholly-owned subsidiaries) shall be considered an issue or sale of Common Stock.

(d) **Adjustment Upon Dividend, Subdivision or Combination of Common Stock**. If the Company shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock or any other capital stock of the Company payable in shares of Common Stock or Convertible Securities, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, (x) the Exercise Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced and (y) the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, (x) the Exercise Price in effect immediately prior to such combination shall be proportionately increased and (y) the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately decreased. Subject to **Section 4(c)(iv)**, any adjustment under this **Section 4(d)** shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

(e) **Adjustment Upon Reorganization, Reclassification, Consolidation or Merger**. In the event of any Reorganization, (A) each Warrant shall remain outstanding and shall thereafter, in lieu of or in addition to (as the case may be) the number of Warrant Shares then exercisable under this Warrant, be exercisable for the kind and number of shares of stock or other securities or assets of the Company or of the successor Person resulting from such transaction to which the Holder would have been entitled upon such Reorganization if the Holder had exercised this Warrant in full immediately prior to the time of such Reorganization and acquired the applicable number of Warrant Shares then issuable hereunder as a result of such exercise (without taking into account any limitations or restrictions on the exercisability of this Warrant); and (B) appropriate adjustment (in form and substance satisfactory to the Holder) shall be made with respect to the Holder's rights under this Warrant to insure that the provisions of this **Section 4** shall thereafter be applicable, as nearly as possible, to this Warrant in relation to any shares of stock, securities or assets thereafter acquirable upon exercise of this Warrant (including, in the case of any consolidation, merger, sale or similar transaction in which the successor or purchasing Person is other than the Company, an immediate adjustment in the Exercise Price to the value per share for the Common Stock reflected by the terms of such consolidation, merger, sale or similar transaction, and a corresponding immediate adjustment to the number of Warrant Shares acquirable upon exercise of this Warrant without regard to any limitations or restrictions on exercise, if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger, sale or similar transaction). The provisions of this **Section 4(e)** shall similarly apply to successive Reorganizations. The Company shall not effect any Reorganization unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such Reorganization shall assume, by written instrument substantially similar in form and substance to this Warrant and satisfactory to the Holder, the obligation to deliver to the Holder such shares of stock, securities or assets which, in accordance with the foregoing provisions, such Holder shall be entitled to receive upon exercise of this Warrant. Notwithstanding anything to the contrary contained herein, the Holder shall have the right to elect prior to the consummation of any Reorganization, to give effect to the exercise rights contained in **Section 2** instead of giving effect to the provisions contained in this **Section 4(e)** with respect to this Warrant.

(f) **Certain Events**. If any event of the type contemplated by the provisions of this **Section 4** but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features) occurs, then the Board shall make an appropriate adjustment in the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant so as to protect the rights of the Holder in a manner consistent with the provisions of this **Section 4**; provided, that no such adjustment pursuant to this **Section 4(f)** shall increase the Exercise Price or decrease the number of Warrant Shares issuable as otherwise determined pursuant to this **Section 4**.

(g) **Certificate as to Adjustment**.

(i) As promptly as reasonably practicable following any adjustment of the Exercise Price, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof.

(ii) As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

(h) **Notices**. In the event:

(i) that the Company shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon exercise of the Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, to vote at a meeting (or by written consent), to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(ii) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another Person, or sale of all or substantially all of the Company's assets to another Person; or

(iii) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company shall send or cause to be sent to the Holder at least ten days prior to the applicable record date or the applicable expected effective date, as the case may be, for the event, a written notice specifying, as the case may be, (A) the record date for such dividend, distribution, meeting or consent or other right or action, and a description of such dividend, distribution or other right or action to be taken at such meeting or by written consent, or (B) the effective date on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up is proposed to take place, and the date, if any is to be fixed, as of which the books of the Company shall close or a record shall be taken with respect to which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon exercise of the Warrant) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Warrant and the Warrant Shares.

5. **Purchase Rights**. In addition to any adjustments pursuant to **Section 4** above, if at any time the Company grants, issues or sells any shares of Common Stock or Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Common Stock as of immediately prior to such grant, issuance or sale (the "**Purchase Rights**"), then the Company shall provide the Holder the right to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights that the Holder would have acquired if the Holder had held the number of Warrant Shares acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

6. **Transfer of Warrant**. Subject to (x) the prior written consent of the Company (provided, that the Holder may transfer this Warrant without the prior consent of the Company to its Permitted Transferees) and (y) the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices together with (i) a properly completed and duly executed Assignment in the form attached hereto as **Exhibit B**, and (ii) duly executed counterpart signature pages to each of the Stockholders Agreement and the Registration Rights Agreement in the forms attached as **Exhibit C**. Upon such compliance, surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

7. **Holder Not Deemed a Stockholder**. Except as otherwise specifically provided herein, prior to the issuance to the Holder of the Warrant Shares upon the due exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of Warrant Shares for any purpose. Nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this **Section 7**, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

8. **Replacement on Loss; Division and Combination**.

(a) **Replacement of Warrant on Loss**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen, mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

(b) **Division and Combination of Warrant**. This Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys. The Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

9. **No Impairment**. The Company shall not, by amendment of its certificate of incorporation or bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder in order to protect the exercise rights of the Holder against dilution or other impairment, consistent with the tenor and purpose of this Warrant.

10. **Representations, Warranties and Covenants of the Company**. The Company hereby represents, covenants and agrees:

(a) This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(b) All Warrant Shares issuable pursuant to the terms hereof shall be, and the Company shall take all such actions as may be necessary or appropriate in order that such Warrant Shares are, upon issuance, validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights, and free and clear of all taxes, liens and charges.

(c) The Company shall, at its own expense, (i) take all such actions as may be necessary or appropriate to ensure that (A) all Warrant Shares are issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which Warrant Shares may be listed at the time of such exercise (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance), and (B) the Warrant Shares, immediately upon their issuance upon the exercise of the Warrants, will be listed on each securities exchange, if any, on which the Common Stock is then listed and (ii) obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities which may from time to time be required of the Company in order to satisfy its obligations hereunder.

(d) This Warrant is not inconsistent with the Company's certificate of incorporation or bylaws, does not contravene any law or governmental rule, regulation or order, does not and will not contravene any provision of, or constitute a default under, any agreement or other instrument to which the Company is a party or by which it is bound, and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms. The Company shall not amend its certificate of incorporation, bylaws or other organizational documents in any way (whether by merger or otherwise) that would (i) adversely affect the Warrantholder or the holders of Warrant Shares in any manner different from such amendment's effect on the class of Common Stock taken as a whole, or (ii) result in a change in the Company's organizational form.

11. **Warrant Register**. The Company shall keep and properly maintain at its principal executive offices books for the registration of the Warrant and any transfers thereof. The Company may deem and treat the Person in whose name the Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of the Warrant effected in accordance with the provisions of this Warrant.

12. **Participation in Corporate Distributions**. The Company shall not declare, make or pay any dividend or other distribution, whether in cash, securities (other than Common Stock or Convertible Securities) or other property, with respect to its Common Stock or any Convertible Securities unless (a) an adjustment to the Exercise Price and the number of Warrant Shares is made with respect thereto pursuant to **Section 4** above or (b) the Company concurrently makes a distribution to the Holder consisting of (i) the amount of cash, securities and property distributed with respect to each outstanding share of Common Stock (in the case of Convertible Securities, determined on an as converted basis) multiplied by (ii) the number of shares of Common Stock then issuable upon exercise of this Warrant.

13. **Miscellaneous**.

(a) **Notices**. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 13(a)**).

If to the Company:	SLS Breeze Holdings, Inc. 21300 Victory Blvd., 12th Floor Woodland Hills, CA 91367 Attention: Controller Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Silver Lake Sumeru Fund, L.P. 2775 Sand Hill Road, Suite 100 Menlo Park, CA 94025 Attention: Jason Babcoke Fax No.: ### Email: ### and Kirkland & Ellis LLP 555 California Street San Francisco, CA 94104 Attention: Christopher Kirkham Fax No.: ### Email: ###
If to the Holder:	c/o Tennenbaum Capital Partners, LLC 2951 28th Street, Suite 1000 Santa Monica, CA 90405 Attention: Asher Finci Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Proskauer Rose LLP 2049 Century Park East, Suite 3200 Los Angeles, CA 90067 Attention: Michael A. Woronoff Fax No.: ### Email: ###

(b) **Expenses**. The Company shall pay all out-of-pocket costs and expenses, including reasonable attorneys' fees and fees, costs and expenses of accountants, advisors and consultants, incurred by the Holder and its counsel in connection with (i) any amendments, modifications or waivers of the provisions hereof, or (ii) any dispute or proceeding in respect to the enforcement of the Holder's rights under this Warrant or the Purchase Agreement in which the Holder is the prevailing party.

(c) **Cumulative Remedies**. Except to the extent expressly provided in **Section 7** to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

(d) **Equitable Relief**. Each of the Company and the Holder acknowledges that the rights of each party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party will (i) be without an adequate remedy at law and (ii) suffer irreparable damage. In the event that any party violates or fails or refuses to perform any covenant or agreement made by such party herein, the non-breaching party or parties may, subject to the terms hereof and in addition to any remedy at law for damages or other relief to which such party may be entitled, institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other injunctive or equitable relief, without posting any bond or other undertaking.

(e) **Entire Agreement**. This Warrant, together with the Purchase Agreement (including the exhibits thereto), constitutes the sole and entire agreement of the parties to this Warrant with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

(f) **Successor and Assigns**. Whenever in this Warrant any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties hereto that are contained in this Warrant shall bind and inure to the benefit of their respective successors and assigns. Such successors or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder. The Company shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Holder, and any attempted assignment without such consent shall be null and void.

(g) **Headings**. The headings in this Warrant are for reference only and shall not affect the interpretation of this Warrant.

(h) **Amendment and Modification; Waiver**. This Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(i) **Survival**. The representations, warranties, covenants and conditions of the respective parties contained herein or made pursuant to this Warrant shall survive the execution and delivery of this Warrant.

(j) **Severability**. In the event any one or more of the provisions contained in this Warrant be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(k) **Governing Law**. This Warrant shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

(l) **Submission to Jurisdiction.** Any legal suit, action or proceeding arising out of or based upon this Warrant or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the State of New York in each case located in New York City, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each party irrevocably consents to service of process in

the manner provided for notices in Section 13(a). Nothing herein will affect the right of any party to serve process in any other manner permitted by law.

(m) **Waiver of Jury Trial**. Each party acknowledges and agrees that any controversy that may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

(n) **Counterparts**. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant**.**

(o) **No Strict Construction**. This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

SLS BREEZE HOLDINGS, INC.

By: /s/ Charles Best
Name: Charles Best
Title: Vice President, Chief Financial Officer and Treasurer

[Signature Page to Warrant]

Accepted and agreed,

TENNENBAUM SENIOR LOAN FUND II, LP

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name: Phil Tseng
Title: Managing Director

EXHIBIT A

EXERCISE AGREEMENT

To: _____

(1) The undersigned Holder hereby elects to purchase shares of the Common Stock of SLS Breeze Holdings, Inc. (the "**Company**"), pursuant to the terms of the Warrant dated [ ], 2013 (the "**Warrant**") between the Company and the Holder, and **[tenders herewith a certified or official bank check in the amount consistent with Section 3(b)(i) of the Warrant] [elects the method of exercise set forth in Section 3(b)(ii) of the Warrant][tenders herewith [•] pursuant to Section 3(b)(iii) of the Warrant]**.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

HOLDER:

_____

By: _____

Title: _____

Date: _____

EXHIBIT B

ASSIGNMENT

(To transfer or assign the foregoing Warrant execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby transferred and assigned to

_____

("The Transferee")

whose address is _____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

_____

The transfer made pursuant hereto is made without recourse to the Holder and without representation or warranty express or implied by the Holder, except that the Holder represents and warrants to the Transferee that it is the legal owner of the interest in the Warrant being assigned hereby.

EXHIBIT C

FORM OF JOINDERS

EXHIBIT C-1

JOINDER AGREEMENT TO STOCKHOLDERS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____
Name: _____
Its: _____

Date: _____

EXHIBIT C-2

JOINDER AGREEMENT TO REGISTRATION RIGHTS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____
Name: _____
Its: _____

Date: _____

Exhibit 4.5

EXECUTION VERSION

WARRANT
SLS BREEZE HOLDINGS, INC.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW. THIS WARRANT IS SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS SET FORTH HEREIN, AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS PURSUANT TO A STOCKHOLDERS AGREEMENT, DATED AS OF SEPTEMBER 3, 2013, AMONG THE ISSUER HEREOF (THE "COMPANY") AND CERTAIN OF THE COMPANY'S STOCKHOLDERS (AS AMENDED AND MODIFIED FROM TIME TO TIME). THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT EXCEPT IN ACCORDANCE WITH THIS WARRANT AND SUCH AGREEMENT, A COPY OF WHICH SHALL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

Warrant Certificate No.: 4

Original Issue Date: September 25, 2013

FOR VALUE RECEIVED, **SLS Breeze Holdings, Inc.**, a Delaware corporation (the "**Company**"), hereby certifies that Tennenbaum Senior Loan SPV III, LLC, a Delaware limited liability company, or its registered assigns (the "**Holder**") is entitled to purchase from the Company 115,000 duly authorized, validly issued, fully paid and nonassessable shares of Common Stock at a purchase price per share initially of $1.00 (subject to adjustment as provided herein, the "**Exercise Price**"), all subject to the terms, conditions and adjustments set forth below in this Warrant.

This Warrant has been issued pursuant to the terms of the Warrant Purchase Agreement, dated as of September 25, 2013 (the "**Purchase Agreement**"), between the Company and the investors listed on Exhibit A thereto.

1. **Definitions**. As used in this Warrant, the following terms have the respective meanings set forth below:

"**Affiliate**" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

"**Aggregate Exercise Price**" means, on any Exercise Date, an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to **Section 3** hereof, multiplied by (b) the Exercise Price in effect as of the Exercise Date.

"**Board**" means the board of directors of the Company.

"**Business Day**" means any day other than a Saturday, Sunday or day on which banks in New York, New York or Los Angeles, California are authorized or required by law to close.

"**Common Stock**" means the common stock, par value $0.01 per share, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

"**Common Stock Deemed Outstanding**" means, at any time, the sum of (a) the number of shares of Common Stock actually outstanding at such time, plus (b) the number of shares of Common Stock issuable upon exercise, conversion or exchange of Convertible Securities actually outstanding at such time (treating as actually outstanding any Convertible Securities issuable upon exercise of Convertible Securities actually outstanding at such time), in each case, regardless of whether the Convertible Securities are actually exercisable, convertible or exchangeable at such time; provided, that Common Stock Deemed Outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its subsidiaries.

"**Company**" has the meaning set forth in the preamble.

"**Convertible Securities**" means warrants, rights, options, evidence of indebtedness, shares of stock or other securities that are convertible into or exercisable or exchangeable for, with or without payment of additional consideration, shares of Common Stock or other

Convertible Securities, either immediately or upon the arrival of a specified date or the happening of a specified event; provided, that options granted to directors, officers, employees, or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, in each case authorized by the Board, shall not constitute Convertible Securities.

"**Excluded Issuances**" means any issuance or sale by the Company after the Original Issue Date of: (a) shares of Common Stock issued upon the exercise of this Warrant; or (b) shares of Common Stock issued directly or upon the exercise of options to directors, officers, employees, or consultants of the Company in each case (i) in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, and (ii) authorized by the Board.

"**Exercise Date**" means, for any given exercise of this Warrant, the date on which the conditions to such exercise set forth in **Section 3** shall have been satisfied at or prior to 5:00 p.m., Los Angeles time.

"**Exercise Agreement**" means an Exercise Agreement in the form attached hereto as **Exhibit A**.

"**Exercise Period**" means the period from the Original Issue Date through and including the earlier of (x) 5:00 p.m., Los Angeles time, on the tenth anniversary of Original Issue Date or, if such day is not a Business Day, on the next preceding Business Day or (y) the consummation of a Sale of the Company.

"**Exercise Price**" has the meaning set forth in the preamble.

"**Fair Market Value**" means, as of any date: (a) the volume weighted average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock is then listed; (b) if there have been no sales of the Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (c) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association for such day; or (d) if there have been no sales of the Common Stock on NASDAQ, the OTC Bulletin Board or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association at the end of such day; in each case, averaged over twenty (20) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association, the "Fair Market Value" of the

Common Stock shall be the fair market value per share as determined jointly in good faith by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, the Fair Market Value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

"**Holder**" has the meaning set forth in the preamble.

"**Original Issue Date**" means the date on which the Warrant was issued by the Company pursuant to the Purchase Agreement.

"**NASDAQ**" means The NASDAQ Stock Market LLC.

"**OTC Bulletin Board**" means the Financial Industry Regulatory Authority OTC Bulletin Board electronic inter-quotation system.

"**Permitted Transferee**" means, as to any Holder, such Holder's Affiliates, which shall include any entity, parallel fund or alternative investment vehicle managed by such Holder or any of its Affiliates.

"**Person**" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"**Purchase Agreement**" has the meaning set forth in the preamble.

"**Registration Rights Agreement**" means the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as amended from time to time in accordance with its terms).

"**Reorganization**" means any (i) capital reorganization of the Company, (ii) reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), (iii) consolidation or merger of the Company with or into another Person, (iv) sale of all or substantially all of the Company's assets to another Person or (v) other similar transaction (other than any such transaction covered by **Section 4(d)**), in each case which entitles the holders of Common Stock to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock; provided, however, that a Sale of the Company shall not constitute a Reorganization.

"**Sale of the Company**" has the meaning set forth in the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as in effect on the date hereof).

"**Warrant**" means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

"**Warrant Shares**" means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant.

2. **Term of Warrant**. The Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares on any day during the Exercise Period. Subject to **Section 3(i)** below, this Warrant shall expire and be of no further force and effect upon the expiration of the Exercise Period.

3. **Exercise of Warrant**.

(a) **Exercise Procedure**. During the Exercise Period, this Warrant may be exercised by the Holder for all or from time to time any part of the unexercised Warrant Shares, upon:

(i) surrender of this Warrant to the Company at its then principal executive offices (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with a completed and executed Exercise Agreement; and

(ii) payment to the Company of the Aggregate Exercise Price in accordance with **Section 3(b)**.

(b) **Payment of the Aggregate Exercise Price**. Payment of the Aggregate Exercise Price may be made, at the option of the Holder as expressed in the Exercise Agreement, by any of the following methods:

(i) delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company;

(ii) instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price (or the applicable portion thereof);

(iii) surrendering to the Company securities of the Company having a value as of the Exercise Date equal to the Aggregate Exercise Price (or the applicable portion thereof), which value in the case of debt securities shall be the principal amount thereof plus accrued and unpaid interest, in the case of preferred stock shall be the liquidation value thereof plus accumulated and unpaid dividends and in the case of shares of Common Stock shall be the Fair Market Value thereof; or

(iv) any combination of the foregoing.

In the event of any withholding of Warrant Shares or surrender of other equity securities pursuant to clause (ii), (iii) or (iv) above where the number of shares whose value is equal to the Aggregate Exercise Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount equal to the product of (x) such incremental fraction of a share being so withheld or surrendered multiplied by (y) the value thereof as of the Exercise Date determined in accordance with clause (iii) above.

(c) **Delivery of Stock Certificates**. As promptly as practicable, and in any event within five Business Days after receipt by the Company of the Exercise Agreement, surrender of this Warrant and payment of the Aggregate Exercise Price (in accordance with **Section 3(a)** hereof), the Company shall execute (or cause to be executed) and deliver (or cause to be delivered) to the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, together with cash in lieu of any fraction of a share, as provided in **Section 3(d)** hereof. The stock certificate or certificates so delivered shall be in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Agreement and registered in the name of the Holder or such other Person's name as shall be designated in the Exercise Agreement. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(d) **Fractional Shares**. The Company shall not be required to issue a fractional share of Common Stock upon exercise of any Warrant. As to any fraction of a share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (i) such fraction multiplied by (ii) the Fair Market Value of one share of Common Stock on the Exercise Date.

(e) **Delivery of New Warrant**. Unless the purchase rights represented by this Warrant shall have expired or shall have been fully exercised, at the time of delivery of the certificate or certificates representing the Warrant Shares being issued in accordance with **Section 3(c)** hereof, the Company shall deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexpired and unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

(f) **Expenses and Taxes**. The Company shall pay all reasonable out-of-pocket expenses in connection with, and all issuance, stamp and similar taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to (i) the issuance or delivery of the Warrant Shares to any Person other than the Holder, or (ii) the sale or transfer of the Warrants or the Warrant Shares.

(g) **Conditional Exercise**. Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is required to be made in connection with a public offering, a Sale of the Company (pursuant to a merger, sale of stock, or otherwise), or any other event, such exercise may at the election of the Holder be conditioned upon the consummation of such transaction or event, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such event.

(h) **Reservation of Shares**. During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and shall take all such actions as may be necessary or appropriate so that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(i) **Exercise Prior to Expiration**. Notwithstanding any other provision of this Warrant and to the extent this Warrant is not previously exercised as to all Warrant Shares subject hereto, if the Fair Market Value of Warrant Shares is greater than the Exercise Price then in effect, this Warrant shall be deemed automatically exercised by the method set forth in **Section 3(b)(ii)** above immediately before its expiration. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this **Section 3(i)**, the Company shall promptly notify the Holder of the number of Warrant Shares the Holder is to receive by reason of such automatic exercise.

(j) **Tax Treatment**. If the Holder elects (or is automatically deemed to elect pursuant to **Section 3(i)**) the method of exercise set forth in **Section 3(b)(ii)**, the "exchange" of the Warrants is intended to qualify as a recapitalization within the meaning of Section 368(a)(1)(E) of the U.S. Internal Revenue Code of 1986, as amended, and the parties hereto shall report consistently therewith for all tax purposes.

4. **Adjustment to Exercise Price and Number of Warrant Shares**. The Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this **Section 4**.

(a) **Adjustment to Exercise Price Upon Issuance of Common Stock**. Except in the case of an Excluded Issuance or an event described in either **Section 4(d)** or **Section 4(e)**, if the Company shall, at any time or from time to time after the Original Issue Date, issue or sell (or in accordance with **Section 4(c)** is deemed to have issued or sold) any shares of Common Stock without consideration or for consideration per share less than the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale), then immediately upon such issuance or sale (or deemed issuance or sale), the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale) shall be reduced (and in no event increased) to an Exercise Price equal to the quotient obtained by dividing:

(i) the sum of (A) the product obtained by multiplying the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) by the Exercise Price then in effect plus (B) the aggregate consideration, if any, received by the Company upon such issuance or sale (or deemed issuance or sale); by

(ii) the sum of (A) the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) plus (B) the aggregate number of shares of Common Stock issued or sold (or deemed issued or sold) by the Company in such issuance or sale (or deemed issuance or sale).

(b) **Adjustment to Number of Warrant Shares Upon Adjustment to Exercise Price**. Upon each adjustment of the Exercise Price as provided in **Section 4(a)**, the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment shall be increased to a number of Warrant Shares equal to the quotient obtained by dividing:

(i) the product of (A) the Exercise Price in effect immediately prior to such adjustment multiplied by (B) the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment; by

(ii) the Exercise Price resulting from such adjustment.

(c) **Effect of Certain Events on Adjustment to Exercise Price**.

(i) Issuance of Convertible Securities. If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell (whether directly or by assumption in a merger or otherwise) any Convertible Securities, whether or not immediately exercisable, and the price per share (determined as provided in this paragraph and in **Section 4(c)(iii)**) for which Common Stock is issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) is less than the Exercise Price in effect immediately prior to the time of the granting or sale of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) shall be deemed to have been issued as of the date of granting or sale thereof (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a)**), at a price per share equal to the quotient obtained by dividing:

(A) the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a)**) of (x) the total amount, if any, actually received by the Company as consideration for the granting or sale of all such Convertible Securities, plus (y) the minimum aggregate amount of additional consideration payable to the Company upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), by

(B) the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof).

(ii) Change in Terms of Convertible Securities. Upon any change in any of (A) the total amount received or receivable by the Company as consideration for the granting or sale of any Convertible Securities, (B) the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange of any Convertible Securities (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), (C) the rate at which Convertible Securities hereof are convertible into or exchangeable for Common Stock, or (D) the maximum number of shares of Common Stock issuable in connection with any Convertible Securities, then (whether or not the original issuance or sale of such Convertible Securities resulted in an adjustment to the Exercise Price pursuant to this **Section 4**) (x) the Exercise Price in effect at the time of such change shall be adjusted or readjusted, as applicable, to the Exercise Price that would have been in effect at such time pursuant to the provisions of this **Section 4** had such Convertible Securities still outstanding provided for such changed consideration, conversion rate or maximum number of shares, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment or readjustment the Exercise Price then in effect is reduced, and (y) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment or readjustment shall be correspondingly adjusted or readjusted pursuant to the provisions of **Section 4(b)**.

(iii) Calculation of Consideration Received. If the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or is deemed to have issued or sold, any shares of Common Stock or Convertible Securities: (A) for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor; (B) for consideration other than cash, the amount of such consideration shall be the fair value of such consideration received by the Company, except where such consideration consists of marketable securities, in which case the amount of such consideration shall be the market price (as reflected on any securities exchange, quotation system or association or similar pricing system covering such security) for such securities as of the end of business on the date of receipt of such securities by the Company; (C) for no specifically allocated consideration in connection with an issuance or sale of other securities of the Company, together comprising one integrated

transaction, the amount of the consideration therefor shall be deemed to be the fair value of such portion of the aggregate consideration received by the Company in such transaction as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued in such transaction; or (D) to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued to such owners. The net amount of any cash consideration and the fair value of any consideration other than cash or marketable securities shall be determined in good faith jointly by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, such fair value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

(iv) Record Date. For purposes of any adjustment to the Exercise Price or the number of Warrant Shares in accordance with this **Section 4**, in case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or Convertible Securities or (B) to subscribe for or purchase Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(v) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof or the transfer of such shares among the Company and its wholly-owned subsidiaries) shall be considered an issue or sale of Common Stock.

(d) **Adjustment Upon Dividend, Subdivision or Combination of Common Stock**. If the Company shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock or any other capital stock of the Company payable in shares of Common Stock or Convertible Securities, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, (x) the Exercise Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced and (y) the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, (x) the Exercise Price in effect immediately prior to such combination shall be proportionately increased and (y) the number of Warrant

Shares issuable upon exercise of this Warrant shall be proportionately decreased. Subject to **Section 4(c)(iv)**, any adjustment under this **Section 4(d)** shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

(e) **Adjustment Upon Reorganization, Reclassification, Consolidation or Merger**. In the event of any Reorganization, (A) each Warrant shall remain outstanding and shall thereafter, in lieu of or in addition to (as the case may be) the number of Warrant Shares then exercisable under this Warrant, be exercisable for the kind and number of shares of stock or other securities or assets of the Company or of the successor Person resulting from such transaction to which the Holder would have been entitled upon such Reorganization if the Holder had exercised this Warrant in full immediately prior to the time of such Reorganization and acquired the applicable number of Warrant Shares then issuable hereunder as a result of such exercise (without taking into account any limitations or restrictions on the exercisability of this Warrant); and (B) appropriate adjustment (in form and substance satisfactory to the Holder) shall be made with respect to the Holder's rights under this Warrant to insure that the provisions of this **Section 4** shall thereafter be applicable, as nearly as possible, to this Warrant in relation to any shares of stock, securities or assets thereafter acquirable upon exercise of this Warrant (including, in the case of any consolidation, merger, sale or similar transaction in which the successor or purchasing Person is other than the Company, an immediate adjustment in the Exercise Price to the value per share for the Common Stock reflected by the terms of such consolidation, merger, sale or similar transaction, and a corresponding immediate adjustment to the number of Warrant Shares acquirable upon exercise of this Warrant without regard to any limitations or restrictions on exercise, if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger, sale or similar transaction). The provisions of this **Section 4(e)** shall similarly apply to successive Reorganizations. The Company shall not effect any Reorganization unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such Reorganization shall assume, by written instrument substantially similar in form and substance to this Warrant and satisfactory to the Holder, the obligation to deliver to the Holder such shares of stock, securities or assets which, in accordance with the foregoing provisions, such Holder shall be entitled to receive upon exercise of this Warrant. Notwithstanding anything to the contrary contained herein, the Holder shall have the right to elect prior to the consummation of any Reorganization, to give effect to the exercise rights contained in **Section 2** instead of giving effect to the provisions contained in this **Section 4(e)** with respect to this Warrant.

(f) **Certain Events**. If any event of the type contemplated by the provisions of this **Section 4** but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features) occurs, then the Board shall make an appropriate adjustment in the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant so as to protect the rights of the Holder in a manner consistent with the provisions of this **Section 4**; provided, that no such adjustment pursuant to this **Section 4(f)** shall increase the Exercise Price or decrease the number of Warrant Shares issuable as otherwise determined pursuant to this **Section 4**.

(g) **Certificate as to Adjustment**.

(i) As promptly as reasonably practicable following any adjustment of the Exercise Price, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof.

(ii) As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

(h) **Notices**. In the event:

(i) that the Company shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon exercise of the Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, to vote at a meeting (or by written consent), to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(ii) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another Person, or sale of all or substantially all of the Company's assets to another Person; or

(iii) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company shall send or cause to be sent to the Holder at least ten days prior to the applicable record date or the applicable expected effective date, as the case may be, for the event, a written notice specifying, as the case may be, (A) the record date for such dividend, distribution, meeting or consent or other right or action, and a description of such dividend, distribution or other right or action to be taken at such meeting or by written consent, or (B) the effective date on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up is proposed to take place, and the date, if any is to be fixed, as of which the books of the Company shall close or a record shall be taken with respect to which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon exercise of the Warrant) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Warrant and the Warrant Shares.

5. **Purchase Rights**. In addition to any adjustments pursuant to **Section 4** above, if at any time the Company grants, issues or sells any shares of Common Stock or Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Common Stock as of immediately prior to such grant, issuance or sale (the "**Purchase Rights**"), then the Company shall provide the Holder the right to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights that the Holder would have acquired if the Holder had held the number of Warrant Shares acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

6. **Transfer of Warrant**. Subject to (x) the prior written consent of the Company (provided, that the Holder may transfer this Warrant without the prior consent of the Company to its Permitted Transferees) and (y) the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices together with (i) a properly completed and duly executed Assignment in the form attached hereto as **Exhibit B**, and (ii) duly executed counterpart signature pages to each of the Stockholders Agreement and the Registration Rights Agreement in the forms attached as **Exhibit C**. Upon such compliance, surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

7. **Holder Not Deemed a Stockholder**. Except as otherwise specifically provided herein, prior to the issuance to the Holder of the Warrant Shares upon the due exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of Warrant Shares for any purpose. Nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this **Section 7**, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

8. **Replacement on Loss; Division and Combination**.

(a) **Replacement of Warrant on Loss**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen, mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

(b) **Division and Combination of Warrant**. This Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys. The Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

9. **No Impairment**. The Company shall not, by amendment of its certificate of incorporation or bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder in order to protect the exercise rights of the Holder against dilution or other impairment, consistent with the tenor and purpose of this Warrant.

10. **Representations, Warranties and Covenants of the Company**. The Company hereby represents, covenants and agrees:

(a) This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(b) All Warrant Shares issuable pursuant to the terms hereof shall be, and the Company shall take all such actions as may be necessary or appropriate in order that such Warrant Shares are, upon issuance, validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights, and free and clear of all taxes, liens and charges.

(c) The Company shall, at its own expense, (i) take all such actions as may be necessary or appropriate to ensure that (A) all Warrant Shares are issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which Warrant Shares may be listed at the time of such exercise (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance), and (B) the Warrant Shares, immediately upon their issuance upon the exercise of the Warrants, will be listed on each securities exchange, if any, on which the Common Stock is then listed and (ii) obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities which may from time to time be required of the Company in order to satisfy its obligations hereunder.

(d) This Warrant is not inconsistent with the Company's certificate of incorporation or bylaws, does not contravene any law or governmental rule, regulation or order, does not and will not contravene any provision of, or constitute a default under, any agreement or other instrument to which the Company is a party or by which it is bound, and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms. The Company shall not amend its certificate of incorporation, bylaws or other organizational documents in any way (whether by merger or otherwise) that would (i) adversely affect the Warrantholder or the holders of Warrant Shares in any manner different from such amendment's effect on the class of Common Stock taken as a whole, or (ii) result in a change in the Company's organizational form.

11. **Warrant Register**. The Company shall keep and properly maintain at its principal executive offices books for the registration of the Warrant and any transfers thereof. The Company may deem and treat the Person in whose name the Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of the Warrant effected in accordance with the provisions of this Warrant.

12. **Participation in Corporate Distributions**. The Company shall not declare, make or pay any dividend or other distribution, whether in cash, securities (other than Common Stock or Convertible Securities) or other property, with respect to its Common Stock or any Convertible Securities unless (a) an adjustment to the Exercise Price and the number of Warrant Shares is made with respect thereto pursuant to **Section 4** above or (b) the Company concurrently makes a distribution to the Holder consisting of (i) the amount of cash, securities and property distributed with respect to each outstanding share of Common Stock (in the case of Convertible Securities, determined on an as converted basis) multiplied by (ii) the number of shares of Common Stock then issuable upon exercise of this Warrant.

13. **Miscellaneous**.

(a) **Notices**. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 13(a)**).

If to the Company:	SLS Breeze Holdings, Inc. 21300 Victory Blvd., 12th Floor Woodland Hills, CA 91367 Attention: Controller Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Silver Lake Sumeru Fund, L.P. 2775 Sand Hill Road, Suite 100 Menlo Park, CA 94025 Attention: Jason Babcoke Fax No.: ### Email: ### and Kirkland & Ellis LLP 555 California Street San Francisco, CA 94104 Attention: Christopher Kirkham Fax No.: ### Email: ###
If to the Holder:	c/o Tennenbaum Capital Partners, LLC 2951 28th Street, Suite 1000 Santa Monica, CA 90405 Attention: Asher Finci Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Proskauer Rose LLP 2049 Century Park East, Suite 3200 Los Angeles, CA 90067 Attention: Michael A. Woronoff Fax No.: ### Email: ###

(b) **Expenses**. The Company shall pay all out-of-pocket costs and expenses, including reasonable attorneys' fees and fees, costs and expenses of accountants, advisors and consultants, incurred by the Holder and its counsel in connection with (i) any amendments, modifications or waivers of the provisions hereof, or (ii) any dispute or proceeding in respect to the enforcement of the Holder's rights under this Warrant or the Purchase Agreement in which the Holder is the prevailing party.

(c) **Cumulative Remedies**. Except to the extent expressly provided in **Section 7** to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

(d) **Equitable Relief**. Each of the Company and the Holder acknowledges that the rights of each party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party will (i) be without an adequate remedy at law and (ii) suffer irreparable damage. In the event that any party violates or fails or refuses to perform any covenant or agreement made by such party herein, the non-breaching party or parties may, subject to the terms hereof and in addition to any remedy at law for damages or other relief to which such party may be entitled, institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other injunctive or equitable relief, without posting any bond or other undertaking.

(e) **Entire Agreement**. This Warrant, together with the Purchase Agreement (including the exhibits thereto), constitutes the sole and entire agreement of the parties to this Warrant with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

(f) **Successor and Assigns**. Whenever in this Warrant any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties hereto that are contained in this Warrant shall bind and inure to the benefit of their respective successors and assigns. Such successors or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder. The Company shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Holder, and any attempted assignment without such consent shall be null and void.

(g) **Headings**. The headings in this Warrant are for reference only and shall not affect the interpretation of this Warrant.

(h) **Amendment and Modification; Waiver**. This Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(i) **Survival**. The representations, warranties, covenants and conditions of the respective parties contained herein or made pursuant to this Warrant shall survive the execution and delivery of this Warrant.

(j) **Severability**. In the event any one or more of the provisions contained in this Warrant be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(k) **Governing Law**. This Warrant shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

(l) **Submission to Jurisdiction.** Any legal suit, action or proceeding arising out of or based upon this Warrant or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the State of New York in each case located in New York City, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each party irrevocably consents to service of process in the manner provided for notices in Section 13(a). Nothing herein will affect the right of any party to serve process in any other manner permitted by law.

(m) **Waiver of Jury Trial**. Each party acknowledges and agrees that any controversy that may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

(n) **Counterparts**. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant**.**

(o) **No Strict Construction**. This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

SLS BREEZE HOLDINGS, INC.

By: /s/ Charles Best
Name: Charles Best
Title: Vice President, Chief Financial Officer and Treasurer

[Signature Page to Warrant]

Accepted and agreed,

TENNENBAUM SENIOR LOAN SPV III, LLC

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name Phil Tseng
Title: Managing Director

[Signature Page to Warrant]

EXHIBIT A
EXERCISE AGREEMENT

To: _____

(1) The undersigned Holder hereby elects to purchase shares of the Common Stock of SLS Breeze Holdings, Inc. (the "**Company**"), pursuant to the terms of the Warrant dated [ ], 2013 (the "**Warrant**") between the Company and the Holder, and **[tenders herewith a certified or official bank check in the amount consistent with Section 3(b)(i) of the Warrant] [elects the method of exercise set forth in Section 3(b)(ii) of the Warrant][tenders herewith [•] pursuant to Section 3(b)(iii) of the Warrant]**.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

HOLDER:

_____

By: _____
Title: _____
Date: _____

EXHIBIT B

ASSIGNMENT

(To transfer or assign the foregoing Warrant execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby transferred and assigned to

_____

("The Transferee")

whose address is _____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

_____

The transfer made pursuant hereto is made without recourse to the Holder and without representation or warranty express or implied by the Holder, except that the Holder represents and warrants to the Transferee that it is the legal owner of the interest in the Warrant being assigned hereby.

EXHIBIT C

FORM OF JOINDERS

EXHIBIT C-1

JOINDER AGREEMENT TO STOCKHOLDERS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____
Name: _____
Its: _____

Date: _____

EXHIBIT C-2

JOINDER AGREEMENT TO REGISTRATION RIGHTS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____
Name: _____
Its: _____

Date: _____

Exhibit 4.6

EXECUTION VERSION

WARRANT
SLS BREEZE HOLDINGS, INC.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW. THIS WARRANT IS SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS SET FORTH HEREIN, AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS PURSUANT TO A STOCKHOLDERS AGREEMENT, DATED AS OF SEPTEMBER 3, 2013, AMONG THE ISSUER HEREOF (THE "COMPANY") AND CERTAIN OF THE COMPANY'S STOCKHOLDERS (AS AMENDED AND MODIFIED FROM TIME TO TIME). THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT EXCEPT IN ACCORDANCE WITH THIS WARRANT AND SUCH AGREEMENT, A COPY OF WHICH SHALL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

Warrant Certificate No.: 5

Original Issue Date: September 25, 2013

FOR VALUE RECEIVED, **SLS Breeze Holdings, Inc.**, a Delaware corporation (the "**Company**"), hereby certifies that Tennenbaum Senior Loan Fund IV-B, a Delaware limited partnership, or its registered assigns (the "**Holder**") is entitled to purchase from the Company 50,000 duly authorized, validly issued, fully paid and nonassessable shares of Common Stock at a purchase price per share initially of $1.00 (subject to adjustment as provided herein, the "**Exercise Price**"), all subject to the terms, conditions and adjustments set forth below in this Warrant.

This Warrant has been issued pursuant to the terms of the Warrant Purchase Agreement, dated as of September 25, 2013 (the "**Purchase Agreement**"), between the Company and the investors listed on Exhibit A thereto.

1. **Definitions**. As used in this Warrant, the following terms have the respective meanings set forth below:

"**Affiliate**" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

"**Aggregate Exercise Price**" means, on any Exercise Date, an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to **Section 3** hereof, multiplied by (b) the Exercise Price in effect as of the Exercise Date.

"**Board**" means the board of directors of the Company.

"**Business Day**" means any day other than a Saturday, Sunday or day on which banks in New York, New York or Los Angeles, California are authorized or required by law to close.

"**Common Stock**" means the common stock, par value $0.01 per share, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

"**Common Stock Deemed Outstanding**" means, at any time, the sum of (a) the number of shares of Common Stock actually outstanding at such time, plus (b) the number of shares of Common Stock issuable upon exercise, conversion or exchange of Convertible Securities actually outstanding at such time (treating as actually outstanding any Convertible Securities issuable upon exercise of Convertible Securities actually outstanding at such time), in each case, regardless of whether the Convertible Securities are actually exercisable, convertible or exchangeable at such time; provided, that Common Stock Deemed Outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its subsidiaries.

"**Company**" has the meaning set forth in the preamble.

"**Convertible Securities**" means warrants, rights, options, evidence of indebtedness, shares of stock or other securities that are convertible into or exercisable or exchangeable for, with or without payment of additional consideration, shares of Common Stock or other

Convertible Securities, either immediately or upon the arrival of a specified date or the happening of a specified event; provided, that options granted to directors, officers, employees, or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, in each case authorized by the Board, shall not constitute Convertible Securities.

"**Excluded Issuances**" means any issuance or sale by the Company after the Original Issue Date of: (a) shares of Common Stock issued upon the exercise of this Warrant; or (b) shares of Common Stock issued directly or upon the exercise of options to directors, officers, employees, or consultants of the Company in each case (i) in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, and (ii) authorized by the Board.

"**Exercise Date**" means, for any given exercise of this Warrant, the date on which the conditions to such exercise set forth in **Section 3** shall have been satisfied at or prior to 5:00 p.m., Los Angeles time.

"**Exercise Agreement**" means an Exercise Agreement in the form attached hereto as **Exhibit A**.

"**Exercise Period**" means the period from the Original Issue Date through and including the earlier of (x) 5:00 p.m., Los Angeles time, on the tenth anniversary of Original Issue Date or, if such day is not a Business Day, on the next preceding Business Day or (y) the consummation of a Sale of the Company.

"**Exercise Price**" has the meaning set forth in the preamble.

"**Fair Market Value**" means, as of any date: (a) the volume weighted average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock is then listed; (b) if there have been no sales of the Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (c) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association for such day; or (d) if there have been no sales of the Common Stock on NASDAQ, the OTC Bulletin Board or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association at the end of such day; in each case, averaged over twenty (20) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on NASDAQ, the OTC Bulletin Board or similar quotation system or association, the "Fair Market Value" of the

Common Stock shall be the fair market value per share as determined jointly in good faith by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, the Fair Market Value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

"**Holder**" has the meaning set forth in the preamble.

"**Original Issue Date**" means the date on which the Warrant was issued by the Company pursuant to the Purchase Agreement.

"**NASDAQ**" means The NASDAQ Stock Market LLC.

"**OTC Bulletin Board**" means the Financial Industry Regulatory Authority OTC Bulletin Board electronic inter-quotation system.

"**Permitted Transferee**" means, as to any Holder, such Holder's Affiliates, which shall include any entity, parallel fund or alternative investment vehicle managed by such Holder or any of its Affiliates.

"**Person**" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"**Purchase Agreement**" has the meaning set forth in the preamble.

"**Registration Rights Agreement**" means the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as amended from time to time in accordance with its terms).

"**Reorganization**" means any (i) capital reorganization of the Company, (ii) reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), (iii) consolidation or merger of the Company with or into another Person, (iv) sale of all or substantially all of the Company's assets to another Person or (v) other similar transaction (other than any such transaction covered by **Section 4(d)**), in each case which entitles the holders of Common Stock to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock; provided, however, that a Sale of the Company shall not constitute a Reorganization.

"**Sale of the Company**" has the meaning set forth in the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain of its stockholders (as in effect on the date hereof).

"**Warrant**" means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

"**Warrant Shares**" means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant.

2. **Term of Warrant**. The Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares on any day during the Exercise Period. Subject to **Section 3(i)** below, this Warrant shall expire and be of no further force and effect upon the expiration of the Exercise Period.

3. **Exercise of Warrant**.

(a) **Exercise Procedure**. During the Exercise Period, this Warrant may be exercised by the Holder for all or from time to time any part of the unexercised Warrant Shares, upon:

(i) surrender of this Warrant to the Company at its then principal executive offices (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with a completed and executed Exercise Agreement; and

(ii) payment to the Company of the Aggregate Exercise Price in accordance with **Section 3(b)**.

(b) **Payment of the Aggregate Exercise Price**. Payment of the Aggregate Exercise

Price may be made, at the option of the Holder as expressed in the Exercise Agreement, by any of the following methods:

(i) delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company;

(ii) instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price (or the applicable portion thereof);

(iii) surrendering to the Company securities of the Company having a value as of the Exercise Date equal to the Aggregate Exercise Price (or the applicable portion thereof), which value in the case of debt securities shall be the principal amount thereof plus accrued and unpaid interest, in the case of preferred stock shall be the liquidation value thereof plus accumulated and unpaid dividends and in the case of shares of Common Stock shall be the Fair Market Value thereof; or

(iv) any combination of the foregoing.

In the event of any withholding of Warrant Shares or surrender of other equity securities pursuant to clause (ii), (iii) or (iv) above where the number of shares whose value is equal to the Aggregate Exercise Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount equal to the product of (x) such incremental fraction of a share being so withheld or surrendered multiplied by (y) the value thereof as of the Exercise Date determined in accordance with clause (iii) above.

(c) **Delivery of Stock Certificates**. As promptly as practicable, and in any event within five Business Days after receipt by the Company of the Exercise Agreement, surrender of this Warrant and payment of the Aggregate Exercise Price (in accordance with **Section 3(a)** hereof), the Company shall execute (or cause to be executed) and deliver (or cause to be delivered) to the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, together with cash in lieu of any fraction of a share, as provided in **Section 3(d)** hereof. The stock certificate or certificates so delivered shall be in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Agreement and registered in the name of the Holder or such other Person's name as shall be designated in the Exercise Agreement. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(d) **Fractional Shares**. The Company shall not be required to issue a fractional share of Common Stock upon exercise of any Warrant. As to any fraction of a share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (i) such fraction multiplied by (ii) the Fair Market Value of one share of Common Stock on the Exercise Date.

(e) **Delivery of New Warrant**. Unless the purchase rights represented by this Warrant shall have expired or shall have been fully exercised, at the time of delivery of the certificate or certificates representing the Warrant Shares being issued in accordance with **Section 3(c)** hereof, the Company shall deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexpired and unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

(f) **Expenses and Taxes**. The Company shall pay all reasonable out-of-pocket expenses in connection with, and all issuance, stamp and similar taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to (i) the issuance or delivery of the Warrant Shares to any Person other than the Holder, or (ii) the sale or transfer of the Warrants or the Warrant Shares.

(g) **Conditional Exercise**. Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is required to be made in connection with a public offering, a Sale of the Company (pursuant to a merger, sale of stock, or otherwise), or any other event, such exercise may at the election of the Holder be conditioned upon the consummation of such transaction or event, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such event.

(h) **Reservation of Shares**. During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and shall take all such actions as may be necessary or appropriate so that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(i) **Exercise Prior to Expiration**. Notwithstanding any other provision of this Warrant and to the extent this Warrant is not previously exercised as to all Warrant Shares subject hereto, if the Fair Market Value of Warrant Shares is greater than the Exercise Price then in effect, this Warrant shall be deemed automatically exercised by the method set forth in **Section 3(b)(ii)** above immediately before its expiration. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this **Section 3(i)**, the Company shall promptly notify the Holder of the number of Warrant Shares the Holder is to receive by reason of such automatic exercise.

(j) **Tax Treatment**. If the Holder elects (or is automatically deemed to elect pursuant to **Section 3(i)**) the method of exercise set forth in **Section 3(b)(ii)**, the "exchange" of the Warrants is intended to qualify as a recapitalization within the meaning of Section 368(a)(1)(E) of the U.S. Internal Revenue Code of 1986, as amended, and the parties hereto shall report consistently therewith for all tax purposes.

4. **Adjustment to Exercise Price and Number of Warrant Shares**. The Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this **Section 4**.

(a) **Adjustment to Exercise Price Upon Issuance of Common Stock**. Except in the case of an Excluded Issuance or an event described in either **Section 4(d)** or **Section 4(e)**, if the Company shall, at any time or from time to time after the Original Issue Date, issue or sell (or in accordance with **Section 4(c)** is deemed to have issued or sold) any shares of Common Stock without consideration or for consideration per share less than the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale), then immediately upon

such issuance or sale (or deemed issuance or sale), the Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale) shall be reduced (and in no event increased) to an Exercise Price equal to the quotient obtained by dividing:

(i) the sum of (A) the product obtained by multiplying the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) by the Exercise Price then in effect plus (B) the aggregate consideration, if any, received by the Company upon such issuance or sale (or deemed issuance or sale); by

(ii) the sum of (A) the Common Stock Deemed Outstanding immediately prior to such issuance or sale (or deemed issuance or sale) plus (B) the aggregate number of shares of Common Stock issued or sold (or deemed issued or sold) by the Company in such issuance or sale (or deemed issuance or sale).

(b) **Adjustment to Number of Warrant Shares Upon Adjustment to Exercise Price**. Upon each adjustment of the Exercise Price as provided in **Section 4(a)**, the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment shall be increased to a number of Warrant Shares equal to the quotient obtained by dividing:

(i) the product of (A) the Exercise Price in effect immediately prior to such adjustment multiplied by (B) the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment; by

(ii) the Exercise Price resulting from such adjustment.

(c) **Effect of Certain Events on Adjustment to Exercise Price**.

(i) Issuance of Convertible Securities. If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell (whether directly or by assumption in a merger or otherwise) any Convertible Securities, whether or not immediately exercisable, and the price per share (determined as provided in this paragraph and in **Section 4(c)(iii)**) for which Common Stock is issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) is less than the Exercise Price in effect immediately prior to the time of the granting or sale of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof) shall be deemed to have been issued as of the date of granting or sale thereof (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a)**), at a price per share equal to the quotient obtained by dividing:

(A) the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a)**) of (x) the total amount, if any, actually received by the Company as consideration for the granting or sale of all such Convertible Securities, plus (y) the minimum aggregate amount of additional consideration payable to the Company upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), by

(B) the total maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof).

(ii) Change in Terms of Convertible Securities. Upon any change in any of (A) the total amount received or receivable by the Company as consideration for the granting or sale of any Convertible Securities, (B) the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange of any Convertible Securities (or upon the exercise, conversion or exchange of Convertible Securities issuable upon the exercise, conversion or exchange thereof), (C) the rate at which Convertible Securities hereof are convertible into or exchangeable for Common Stock, or (D) the maximum number of shares of Common Stock issuable in connection with any Convertible Securities, then (whether or not the original issuance or sale of such Convertible Securities resulted in an adjustment to the Exercise Price pursuant to this **Section 4**) (x) the Exercise Price in effect at the time of such change shall be adjusted or readjusted, as applicable, to the Exercise Price that would have been in effect at such time pursuant to the provisions of this **Section 4** had such Convertible Securities still outstanding provided for such changed consideration, conversion rate or maximum number of shares, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment or readjustment the Exercise Price then in effect is reduced, and (y) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment or readjustment shall be correspondingly adjusted or readjusted pursuant to the provisions of **Section 4(b)**.

(iii) Calculation of Consideration Received. If the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or is deemed to have issued or sold, any shares of Common Stock or Convertible Securities: (A) for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor; (B) for consideration other than cash, the amount of such consideration shall be the fair value of such consideration received by the Company, except where such consideration consists of marketable securities, in which case the amount of such consideration shall be the market price (as reflected on any securities exchange, quotation system or association or similar pricing system covering such security) for such securities as of the end of business on the date of receipt of such securities by the Company; (C) for no specifically allocated consideration in connection with an issuance or sale of other securities of the Company, together comprising one integrated

transaction, the amount of the consideration therefor shall be deemed to be the fair value of such portion of the aggregate consideration received by the Company in such transaction as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued in such transaction; or (D) to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock or Convertible Securities, as the case may be, issued to such owners. The net amount of any cash consideration and the fair value of any consideration other than cash or marketable securities shall be determined in good faith jointly by the Board and the Holder; provided, however, that if the Board and the Holder are unable to reach agreement within a reasonable period of time, such fair value shall be determined in good faith by an independent investment banking or valuation firm selected jointly by the Board and the Holder or, if that selection cannot be made within ten days, by an independent investment banking or valuation firm selected by the American Arbitration Association in accordance with its rules.

(iv) Record Date. For purposes of any adjustment to the Exercise Price or the number of Warrant Shares in accordance with this **Section 4**, in case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or Convertible Securities or (B) to subscribe for or purchase Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(v) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof or the transfer of such shares among the Company and its wholly-owned subsidiaries) shall be considered an issue or sale of Common Stock.

(d) **Adjustment Upon Dividend, Subdivision or Combination of Common Stock**. If the Company shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock or any other capital stock of the Company payable in shares of Common Stock or Convertible Securities, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, (x) the Exercise Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced and (y) the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, (x) the Exercise Price in effect immediately prior to such combination shall be proportionately increased and (y) the number of Warrant

Shares issuable upon exercise of this Warrant shall be proportionately decreased. Subject to **Section 4(c)(iv)**, any adjustment under this **Section 4(d)** shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

(e) **Adjustment Upon Reorganization, Reclassification, Consolidation or Merger**. In the event of any Reorganization, (A) each Warrant shall remain outstanding and shall thereafter, in lieu of or in addition to (as the case may be) the number of Warrant Shares then exercisable under this Warrant, be exercisable for the kind and number of shares of stock or other securities or assets of the Company or of the successor Person resulting from such transaction to which the Holder would have been entitled upon such Reorganization if the Holder had exercised this Warrant in full immediately prior to the time of such Reorganization and acquired the applicable number of Warrant Shares then issuable hereunder as a result of such exercise (without taking into account any limitations or restrictions on the exercisability of this Warrant); and (B) appropriate adjustment (in form and substance satisfactory to the Holder) shall be made with respect to the Holder's rights under this Warrant to insure that the provisions of this **Section 4** shall thereafter be applicable, as nearly as possible, to this Warrant in relation to any shares of stock, securities or assets thereafter acquirable upon exercise of this Warrant (including, in the case of any consolidation, merger, sale or similar transaction in which the successor or purchasing Person is other than the Company, an immediate adjustment in the Exercise Price to the value per share for the Common Stock reflected by the terms of such consolidation, merger, sale or similar transaction, and a corresponding immediate adjustment to the number of Warrant Shares acquirable upon exercise of this Warrant without regard to any limitations or restrictions on exercise, if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger, sale or similar transaction). The provisions of this **Section 4(e)** shall similarly apply to successive Reorganizations. The Company shall not effect any Reorganization unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such Reorganization shall assume, by written instrument substantially similar in form and substance to this Warrant and satisfactory to the Holder, the obligation to deliver to the Holder such shares of stock, securities or assets which, in accordance with the foregoing provisions, such Holder shall be entitled to receive upon exercise of this Warrant. Notwithstanding anything to the contrary contained herein, the Holder shall have the right to elect prior to the consummation of any Reorganization, to give effect to the exercise rights contained in **Section 2** instead of giving effect to the provisions contained in this **Section 4(e)** with respect to this Warrant.

(f) **Certain Events**. If any event of the type contemplated by the provisions of this **Section 4** but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features) occurs, then the Board shall make an appropriate adjustment in the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant so as to protect the rights of the Holder in a manner consistent with the provisions of this **Section 4**; provided, that no such adjustment pursuant to this **Section 4(f)** shall increase the Exercise Price or decrease the number of Warrant Shares issuable as otherwise determined pursuant to this **Section 4**.

(g) **Certificate as to Adjustment**.

(i) As promptly as reasonably practicable following any adjustment of the Exercise Price, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof.

(ii) As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than five Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

(h) **Notices**. In the event:

(i) that the Company shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon exercise of the Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, to vote at a meeting (or by written consent), to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(ii) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another Person, or sale of all or substantially all of the Company's assets to another Person; or

(iii) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company shall send or cause to be sent to the Holder at least ten days prior to the applicable record date or the applicable expected effective date, as the case may be, for the event, a written notice specifying, as the case may be, (A) the record date for such dividend, distribution, meeting or consent or other right or action, and a description of such dividend, distribution or other right or action to be taken at such meeting or by written consent, or (B) the effective date on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up is proposed to take place, and the date, if any is to be fixed, as of which the books of the Company shall close or a record shall be taken with respect to which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon exercise of the Warrant) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Warrant and the Warrant Shares.

5. **Purchase Rights**. In addition to any adjustments pursuant to **Section 4** above, if at any time the Company grants, issues or sells any shares of Common Stock or Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Common Stock as of immediately prior to such grant, issuance or sale (the "**Purchase Rights**"), then the Company shall provide the Holder the right to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights that the Holder would have acquired if the Holder had held the number of Warrant Shares acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

6. **Transfer of Warrant**. Subject to (x) the prior written consent of the Company (provided, that the Holder may transfer this Warrant without the prior consent of the Company to its Permitted Transferees) and (y) the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices together with (i) a properly completed and duly executed Assignment in the form attached hereto as **Exhibit B**, and (ii) duly executed counterpart signature pages to each of the Stockholders Agreement and the Registration Rights Agreement in the forms attached as **Exhibit C**. Upon such compliance, surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

7. **Holder Not Deemed a Stockholder**. Except as otherwise specifically provided herein, prior to the issuance to the Holder of the Warrant Shares upon the due exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of Warrant Shares for any purpose. Nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this **Section 7**, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

8. **Replacement on Loss; Division and Combination**.

(a) **Replacement of Warrant on Loss**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen, mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

(b) **Division and Combination of Warrant**. This Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys. The Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

9. **No Impairment**. The Company shall not, by amendment of its certificate of incorporation or bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder in order to protect the exercise rights of the Holder against dilution or other impairment, consistent with the tenor and purpose of this Warrant.

10. **Representations, Warranties and Covenants of the Company**. The Company hereby represents, covenants and agrees:

(a) This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(b) All Warrant Shares issuable pursuant to the terms hereof shall be, and the Company shall take all such actions as may be necessary or appropriate in order that such Warrant Shares are, upon issuance, validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights, and free and clear of all taxes, liens and charges.

(c) The Company shall, at its own expense, (i) take all such actions as may be necessary or appropriate to ensure that (A) all Warrant Shares are issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which Warrant Shares may be listed at the time of such exercise (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance), and (B) the Warrant Shares, immediately upon their issuance upon the exercise of the Warrants, will be listed on each securities exchange, if any, on which the Common Stock is then listed and (ii) obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities which may from time to time be required of the Company in order to satisfy its obligations hereunder.

(d) This Warrant is not inconsistent with the Company's certificate of incorporation or bylaws, does not contravene any law or governmental rule, regulation or order, does not and will not contravene any provision of, or constitute a default under, any agreement or other instrument to which the Company is a party or by which it is bound, and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms. The Company shall not amend its certificate of incorporation, bylaws or other organizational documents in any way (whether by merger or otherwise) that would (i) adversely affect the Warrantholder or the holders of Warrant Shares in any manner different from such amendment's effect on the class of Common Stock taken as a whole, or (ii) result in a change in the Company's organizational form.

11. **Warrant Register**. The Company shall keep and properly maintain at its principal executive offices books for the registration of the Warrant and any transfers thereof. The Company may deem and treat the Person in whose name the Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of the Warrant effected in accordance with the provisions of this Warrant.

12. **Participation in Corporate Distributions**. The Company shall not declare, make or pay any dividend or other distribution, whether in cash, securities (other than Common Stock or Convertible Securities) or other property, with respect to its Common Stock or any Convertible Securities unless (a) an adjustment to the Exercise Price and the number of Warrant Shares is made with respect thereto pursuant to **Section 4** above or (b) the Company concurrently makes a distribution to the Holder consisting of (i) the amount of cash, securities and property distributed with respect to each outstanding share of Common Stock (in the case of Convertible Securities, determined on an as converted basis) multiplied by (ii) the number of shares of Common Stock then issuable upon exercise of this Warrant.

13. **Miscellaneous.**

(a) **Notices**. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 13(a)**).

If to the Company:	SLS Breeze Holdings, Inc. 21300 Victory Blvd., 12th Floor Woodland Hills, CA 91367 Attention: Controller Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Silver Lake Sumeru Fund, L.P. 2775 Sand Hill Road, Suite 100 Menlo Park, CA 94025 Attention: Jason Babcoke Fax No.: ### Email: ### and Kirkland & Ellis LLP 555 California Street San Francisco, CA 94104 Attention: Christopher Kirkham Fax No.: ### Email: ###
If to the Holder:	c/o Tennenbaum Capital Partners, LLC 2951 28th Street, Suite 1000 Santa Monica, CA 90405 Attention: Asher Finci Fax No.: ### Email: ###
with a copy (which shall not constitute notice) to:	Proskauer Rose LLP 2049 Century Park East, Suite 3200 Los Angeles, CA 90067 Attention: Michael A. Woronoff Fax No.: ### Email: ###

(b) **Expenses**. The Company shall pay all out-of-pocket costs and expenses, including reasonable attorneys' fees and fees, costs and expenses of accountants, advisors and consultants, incurred by the Holder and its counsel in connection with (i) any amendments, modifications or waivers of the provisions hereof, or (ii) any dispute or proceeding in respect to the enforcement of the Holder's rights under this Warrant or the Purchase Agreement in which the Holder is the prevailing party.

(c) **Cumulative Remedies**. Except to the extent expressly provided in **Section 7** to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

(d) **Equitable Relief**. Each of the Company and the Holder acknowledges that the rights of each party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party will (i) be without an adequate remedy at law and (ii) suffer irreparable damage. In the event that any party violates or fails or refuses to perform any covenant or agreement made by such party herein, the non-breaching party or parties may, subject to the terms hereof and in addition to any remedy at law for damages or other relief to which such party may be entitled, institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other injunctive or equitable relief, without posting any bond or other undertaking.

(e) **Entire Agreement**. This Warrant, together with the Purchase Agreement (including the exhibits thereto), constitutes the sole and entire agreement of the parties to this Warrant with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

(f) **Successor and Assigns**. Whenever in this Warrant any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties hereto that are contained in this Warrant shall bind and inure to the benefit of their respective successors and assigns. Such successors or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder. The Company shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Holder, and any attempted assignment without such consent shall be null and void.

(g) **Headings**. The headings in this Warrant are for reference only and shall not affect the interpretation of this Warrant.

(h) **Amendment and Modification; Waiver**. This Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(i) **Survival**. The representations, warranties, covenants and conditions of the respective parties contained herein or made pursuant to this Warrant shall survive the execution and delivery of this Warrant.

(j) **Severability**. In the event any one or more of the provisions contained in this Warrant be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(k) **Governing Law**. This Warrant shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

(l) **Submission to Jurisdiction.** Any legal suit, action or proceeding arising out of or based upon this Warrant or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the State of New York in each case located in New York City, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each party irrevocably consents to service of process in the manner provided for notices in Section 13(a). Nothing herein will affect the right of any party to serve process in any other manner permitted by law.

(m) **Waiver of Jury Trial**. Each party acknowledges and agrees that any controversy that may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

(n) **Counterparts**. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant**.**

(o) **No Strict Construction**. This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

SLS BREEZE HOLDINGS, INC.

By: /s/ Charles Best
Name: Charles Best
Title: Vice President, Chief Financial Officer and Treasurer

[Signature Page to Warrant]

Accepted and agreed,

TENNENBAUM SENIOR LOAN FUND
IV-B, LP

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name Phil Tseng
Title: Managing Director

[Signature Page to Warrant]

EXHIBIT A

EXERCISE AGREEMENT

To: _____

(1) The undersigned Holder hereby elects to purchase shares of the Common Stock of SLS Breeze Holdings, Inc. (the "**Company**"), pursuant to the terms of the Warrant dated [ ], 2013 (the "**Warrant**") between the Company and the Holder, and **[tenders herewith a certified or official bank check in the amount consistent with Section 3(b)(i) of the Warrant] [elects the method of exercise set forth in Section 3(b)(ii) of the Warrant] [tenders herewith [•] pursuant to Section 3(b)(iii) of the Warrant]**.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

HOLDER:

_____

By: _____
Title: _____

Date: _____

EXHIBIT B

ASSIGNMENT

(To transfer or assign the foregoing Warrant execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby transferred and assigned to

_____

("The Transferee")

whose address is _____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

_____

The transfer made pursuant hereto is made without recourse to the Holder and without representation or warranty express or implied by the Holder, except that the Holder represents and warrants to the Transferee that it is the legal owner of the interest in the Warrant being assigned hereby.

EXHIBIT C

FORM OF JOINDERS

EXHIBIT C-1

JOINDER AGREEMENT TO STOCKHOLDERS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Stockholders Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT C-2

JOINDER AGREEMENT TO REGISTRATION RIGHTS AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder") is being delivered to SLS Breeze Holdings, Inc., a Delaware corporation (the "Company"). Reference is made to the Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and certain stockholders of the Company from time to time party thereto (as amended, modified or restated from time to time, the "Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

The undersigned hereby acknowledges and agrees that its signature below constitutes an executed counterpart signature page to the Agreement and hereby agrees to become a party to the Agreement and to be subject to, and bound by, all of the terms and conditions of the Agreement as an "Other Stockholder."

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date set forth below.

[_____]

By: _____

Name: _____

Its: _____

Date: _____

Exhibit 4.7

EXECUTION VERSION

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this "Agreement") is made and entered into as of October 21, 2014, by and among BlackLine, Inc. (f/k/a SLS Breeze Holdings, Inc.), a Delaware corporation (the "Company"), and Iconiq Strategic Partners, L.P., a Delaware limited partnership ("ISP"), Iconiq Strategic Partners-B, L.P., a Cayman Islands exempted limited partnership ("ISP-B"), and Iconiq Strategic Partners Co-Invest, L.P., BL2 Series, a series of a Delaware series limited partnership ("ISP Co-Invest", and together with ISP and ISP-B, each an "Iconiq Party", and collectively, the "Iconiq Parties"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in that certain Agreement and Plan of Merger, dated as of August 9, 2013, by and among the Company, certain of its direct and indirect Subsidiaries, and BlackLine Systems, Inc., a California corporation.

WHEREAS, pursuant to the terms and conditions of this Agreement, the Iconiq Parties will contribute cash to the Company in exchange for newly issued shares of common stock of the Company, par value $0.01 per share (the "Company Common Stock").

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and warranties contained herein, the parties hereto agree as follows:

1. Contribution; Closing.

(a) Contribution. At the Closing, the Iconiq Parties will contribute (and/or cause their Affiliates to contribute) to the Company an aggregate of Five Million Dollars ($5,000,000) in the respective amounts set forth on Annex A, which shall be completed by the Iconiq Parties at least one (1) Business Day prior to the Closing Date. In consideration therefore, the Company will issue to the Iconiq Parties an aggregate of 1,785,714 shares of Company Common Stock, free and clear of all Liens, in the amounts set forth on Annex A. At the Closing, the Company will deliver to Iconiq the certificates representing the number of shares of Company Common Stock to be issued to such Persons pursuant to this Section 1(a).

(b) Closing. The closing of the transactions contemplated hereby (the "Closing") shall take place at the offices of Kirkland & Ellis LLP, 3330 Hillview Avenue, Palo Alto, California, 94304, at 10 a.m. (local time) on the second (2nd) Business Day following the later of the date on which (i) the waiting period applicable to the transactions contemplated hereby under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act"), shall have expired or been terminated, and (ii) the tag-along participation period set forth in the Stockholders Agreement (as defined below) applicable to the transactions contemplated by the Stock Purchase Agreement, by and among the Iconiq Parties, the Company and Silver Lake Sumeru Fund, L.P. and its Affiliates, entered into contemporaneously herewith (the "Stock Purchase Agreement"), shall have expired; provided, that the Closing shall not occur prior to the date that is twenty (20) Business Days from the date that the Tag-Along Notice is delivered pursuant to Section 5(a) of the Stockholders Agreement in connection with the transactions contemplated by the Stock Purchase Agreement; provided, further that the representations and warranties set forth in Sections 2 and 3 hereof are true and correct as of the Closing (as

confirmed in writing or e-mail by the applicable party making such representations and warranties). Notwithstanding the foregoing, this Agreement may be terminated by any party following written notice to the other parties if the Closing shall not have occurred on or before December 31, 2014; provided, that the party seeking to terminate this Agreement is not then in breach of any provision of this Agreement.

2. Representations and Warranties of the Company. The Company represents and warrants to each Iconiq Party that:

(a) As of immediately following the consummation of the transactions contemplated in Section 1(a) above, the authorized capital stock of the Company shall consist of 250,000,000 shares of Company Common Stock, 201,960,714 of which shall be issued and outstanding and held by the stockholders of the Company as set forth on Annex B hereto. The Company Common Stock, when issued at Closing to the Iconiq Parties, shall be duly authorized, validly issued, fully paid and non-assessable. As of the Closing, the Company shall not have outstanding any stock or securities convertible or exchangeable for any shares of its capital stock or containing any profit participation features, nor shall it have outstanding any rights or options to subscribe for or to purchase its capital stock or any stock or securities convertible into or exchangeable for its capital stock or any stock appreciation rights or phantom stock plans.

(b) There are no statutory or contractual securityholders preemptive rights or rights of refusal or other restrictions, conditions or consent rights with respect to the issuance of the Company Common Stock hereunder. There are no proxies, voting trusts or voting agreements with respect to the voting of the Company Common Stock issued pursuant to this Agreement, except as set forth in the Stockholders Agreement, The Company has not (directly or indirectly through its agents or representatives) violated any applicable federal or state securities laws in connection with the offer, sale or issuance of any of its capital stock, and the offer, sale and issuance of the Company Common Stock hereunder do not and will not require registration under the Securities Act or any applicable state securities laws.

(c) The execution, delivery and performance of this Agreement by the Company does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which it is bound.

(d) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite corporate, power and authority, and has taken all action necessary, to authorize the execution and delivery of this Agreement and to carry out the transactions contemplated hereby. This Agreement is a valid and binding obligation of the Company, enforceable in accordance with its terms.

(e) Since September 3, 2013, there has not occurred any change, effect, event or occurrence materially adverse to the business, condition (financial or otherwise) or results of operations of the business conducted by the Company and its Subsidiaries.

3. Representations and Warranties of the Iconiq Parties. Each Iconiq Party represents and warrants to the Company that:

(a) The execution, delivery and performance of this Agreement by it does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which it is a party or by which it is bound.

(b) Upon the execution and delivery of this Agreement by it, this Agreement shall be the valid and binding obligation of it, enforceable in accordance with its terms, subject to (A) laws of general application relating to bankruptcy, insolvency and the relief of debtors, and (B) rules of law governing specific performance, injunctive relief and other equitable remedies.

(c) The Company Common Stock acquired by it will be acquired for its own account and not with a view to, or intention of, distribution thereof in violation of the Securities Act, or any other applicable federal, state or foreign securities laws, and such Company Common Stock will not be disposed of in contravention of the Securities Act or any applicable federal, state or foreign securities laws.

(d) It is able to bear the economic risk of its investment in the Company Common Stock for an indefinite period of time because such securities have not been registered under the Securities Act and, therefore, cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available. It acknowledges that each share of Company Common Stock will be subject to the provisions of that certain Stockholders Agreement of the Company, dated as of September 3, 2013, by and between the Company and certain stockholders of the Company party thereto (the "Stockholders Agreement"), which will have additional restrictions on transfer.

(e) It has had an opportunity to ask questions and receive answers concerning the terms and conditions of the Company Common Stock and has had full access to such other information concerning the Company and its Subsidiaries as it has requested.

4. Covenants.

(a) The Iconiq Parties shall (a) take all actions necessary, appropriate or advisable to file as soon as reasonably practicable, and in any event no later than five (5) Business Days after the expiration of the tag-along participation period set forth in the Stockholders Agreement, the notification and report forms required to be filed under the HSR Act with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice, (b) use their commercially reasonable efforts to prosecute such filings and respond to inquiries related thereto, (c) not extend any waiting period under the HSR Act or enter into any agreement not to consummate the transactions contemplated hereby, except with the prior written consent of the other parties hereto, and (d) use their commercially reasonable efforts to avoid entry of (or to have vacated or terminated) any order that would restrain, prevent or delay the Closing.

(b) Further Assurances. Each party to this Agreement will take such further action (including the execution and delivery of such further instruments and documents) as is reasonably necessary to carry out the purpose of this Agreement as any other party hereto may reasonably request, all at the sole cost and expense of such requesting party.

(c) Legends. Each certificate of each share of Company Common Stock issued under this Agreement will be imprinted with the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON **[●]**, 2014, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR APPLICABLE STATE SECURITIES LAWS ("STATE ACTS"), AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR STATE ACTS OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF (A "TRANSFER") EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF THE STOCKHOLDERS AGREEMENT, DATED AS OF **[●]**, 2014, AS AMENDED AND MODIFIED FROM TIME TO TIME. ANY TRANSFEREE OF THESE SECURITIES TAKES SUBJECT TO THE TERMS OF SUCH AGREEMENT, A COPY OF WHICH IS ON FILE WITH THE COMPANY."

5. Miscellaneous.

(a) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns. No party may assign any of its rights, interests, or obligations hereunder without the prior written approval of the other parties, other than in connection with transfers of its securities of the Company in accordance with the Stockholders Agreement.

(b) Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile or electronic PDF), each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(c) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE. Each of the parties hereto (i) shall submit itself to the exclusive jurisdiction of any federal court located in the State of California or any California state court having subject matter jurisdiction in the event any dispute arises out of this Agreement, (ii) agrees that venue will be proper as to proceedings brought in any such court with respect to such a dispute, (iii) will not attempt to deny or defeat such personal jurisdiction or venue by motion or other request for leave from any such court, and (iv) agrees to accept service of process at its address for notices pursuant to this Agreement in any such action or proceeding brought in any such court.

(e) Amendments and Waivers. This Agreement may be amended, or any provision of this Agreement may be waived upon a written approval, executed by the parties hereto. No course of dealing between or among the parties hereto shall be deemed effective to modify, amend, or discharge any part of this Agreement or any rights or obligations of any such party or such holder under or by reason of this Agreement.

(f) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

6. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Subscription Agreement as of the date first written above.

COMPANY:

BLACKLINE, INC.

By: /s/ Hollie Moore Haynes
Name: Hollie Moore Haynes
Title: President

IN WITNESS WHEREOF, the parties hereto have executed this Subscription Agreement as of the date first written above.

ICONIQ:

ICONIQ STRATEGIC PARTNERS, L.P., a Delaware limited partnership

By: ICONIQ Strategic Partners GP, L.P., a Cayman Islands exempted limited partnership, its General Partner

By: ICONIQ Strategic Partners TT GP, Ltd., a Cayman Islands exempted company, its General Partner

By: /s/ Kevin Foster
Name: Kevin Foster
Title: Authorized Signatory

ICONIQ STRATEGIC PARTNERS - B, L.P., a Cayman Islands exempted limited partnership

By: ICONIQ Strategic Partners GP, L.P., a Cayman Islands exempted limited partnership, its General Partner

By: ICONIQ Strategic Partners TT GP, Ltd., a Cayman Islands exempted company, its General Partner

By: /s/ Kevin Foster
Name: Kevin Foster
Title: Authorized Signatory

ICONIQ STRATEGIC PARTNERS CO-INVEST, L.P., BL2 SERIES, a series of a Delaware series limited partnership

By: ICONIQ Strategic Partners GP, L.P., a Cayman Islands exempted limited partnership, its General Partner

By: ICONIQ Strategic Partners TT GP, Ltd., a Cayman Islands exempted company, its General Partner

By: /s/ Kevin Foster
Name: Kevin Foster
Title: Authorized Signatory

Exhibit 10.2

EXECUTION VERSION

CREDIT AGREEMENT

dated as of

September 25, 2013,

among

BLACKLINE SYSTEMS, INC.,

SLS BREEZE INTERMEDIATE HOLDINGS, INC.

THE LENDERS PARTY HERETO

and

OBSIDIAN AGENCY SERVICES, INC.,
as Administrative Agent and Collateral Agent

SCHEDULES

EXHIBITS

CREDIT AGREEMENT

This **CREDIT AGREEMENT** (this "***Agreement***") is dated as of September 25, 2013 and entered into by and among **BLACKLINE SYSTEMS, INC.**, a California corporation (the "***Borrower***"), **SLS BREEZE INTERMEDIATE HOLDINGS, INC.**, a Delaware corporation ("***Holdings***"), the Lenders (as defined in Article I), and **OBSIDIAN AGENCY SERVICES, INC.**, as administrative agent (in such capacity, the "***Administrative Agent***") and as collateral agent (in such capacity, the "***Collateral Agent***") for the Lenders.

PRELIMINARY STATEMENT

Holdings and the Borrower desire that the Lenders extend a term loan to the Borrower to refinance certain existing indebtedness, to pay certain transaction expenses and for working capital and other general corporate purposes of the Borrower and its Subsidiaries, including, to the extent permitted hereby, to make capital expenditures, acquisitions, investments and distributions from time to time.

The Lenders have agreed to extend such term loan to the Borrower.

The Borrower desires to secure all of the Obligations hereunder and under the other Loan Documents by granting to the Collateral Agent, for the benefit of the Secured Parties, a first priority Lien (subject to Liens permitted by Section 6.02) on substantially all of its assets, as and to the extent provided herein and in the other Loan Documents.

Holdings and all of the Domestic Subsidiaries of the Borrower (subject to exceptions set forth herein and the other Loan Documents) have agreed to guarantee the Obligations hereunder and under the other Loan Documents and to secure their guaranties by granting to the Collateral Agent, for the benefit of the Secured Parties, a first priority Lien (subject to Liens permitted by Section 6.02) on substantially all of their respective assets, as and to the extent provided herein and in the other Loan Documents.

The Lenders are willing to extend such term loan to the Borrower on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. ***Defined Terms***.

As used in this Agreement, the following terms shall have the meanings specified below:

"***Acceptance Notice***" shall have the meaning assigned to such term in Section 2.22.

"***Acquired Entity***" shall have the meaning assigned to such term in Section 6.04(vii).

"***Acquisition"*** shall mean the acquisition of the Borrower by Holdings pursuant to the Acquisition Agreement.

"***Acquisition Agreement***" shall mean that certain Agreement and Plan of Merger, dated as of August 9, 2013, by and among SLS Breeze Holdings, Inc., SLS Breeze Intermediate Holdings, Inc., SLS Breeze Merger Sub, Inc. and Blackline Systems, Inc.

"***Administrative Agent***" shall have the meaning assigned to such term in the Preamble.

"***Administrative Questionnaire***" shall mean an Administrative Questionnaire in the form of Exhibit C, or such other form as may be supplied from time to time by the Administrative Agent.

"***Affiliate***" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; *provided*, *however*, that, for purposes of Section 6.07, the term "Affiliate" shall also include any Person that directly or indirectly owns 10% or more of any class of Equity Interests of the Person specified or that is an officer or director of the Person specified.

"***Agents***" shall have the meaning assigned to such term in Article VIII.

"***Agreement***" shall mean this Credit Agreement.

"***Alternate Base Rate***" means, for any day, a fluctuating rate of interest per annum equal to the highest of:

(i) the Prime Rate in effect on such day; and

(ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1.0% per annum.

Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively. Interest calculated pursuant to clause (i) above will be determined based on a year of 365 days or 366 days, as applicable and actual days elapsed. Interest calculated pursuant to clause (ii) above will be determined based on a year of 360 days and actual days elapsed.

"***Applicable Prepayment Premium***" shall have the meaning assigned to such term in Section 2.10(a).

"***Asset Sale***" shall mean the sale, transfer, license or other Disposition by Holdings, the Borrower or any Subsidiary to any Person (other than the Borrower or any Subsidiary Guarantor) of (i) any of the Equity Interests of the Borrower or any of its Subsidiaries, (ii) substantially all of the assets of any division or line of business of the Borrower or any of its Subsidiaries, or (iii) any other assets (whether tangible or intangible) of the Borrower or any of its Subsidiaries (other than (a) inventory sold in the ordinary course of business, (b) sales, assignments, transfers or Dispositions of accounts in the ordinary course of business for purposes of collection, (c) non-exclusive licenses and sublicenses of Intellectual Property, in the ordinary course of business, (d) leasing and sub-leasing of property and (e) any such other assets to the extent that the aggregate value of such assets sold or otherwise Disposed of in any fiscal year of the Borrower does not exceed $500,000); *provided* that (y) a Casualty Event, the issuance of Equity Interests of Holdings, the issuance of Equity Interests of Borrower or any Subsidiary to Holdings or any other Loan Party or the issuance by Holdings or any of its Subsidiaries of Indebtedness shall not constitute an Asset Sale and (z) the events set forth in clauses (iv), (vi), (vii), (x), (xii), (xvi), (xvii) and (xix) of Section 6.05 shall not constitute an Asset Sale for purposes of Section 2.11(a) or the definition of "Net Asset Sale Proceeds."

"***Assignment and Acceptance***" shall mean an assignment and acceptance entered into by a Lender and an Eligible Assignee and with the consent of any Person whose consent is required by Section 9.04(b), in the form of Exhibit D or such other form as shall be approved by the Administrative Agent.

"***Bankruptcy Code***" shall mean Title 11 of the United States Code entitled "Bankruptcy", as now and hereafter in effect, or any successor statute.

"***Board***" shall mean the Board of Governors of the Federal Reserve System of the United States of America.

"***Borrower***" shall have the meaning assigned to such term in the Preamble.

"***Business Day***" shall mean any day other than a Saturday, Sunday or day on which banks in New York, New York or Los Angeles, California are authorized or required by law to close.

"***Capital Lease Obligations***" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP; *provided* that the adoption or issuance of any accounting standards after the Closing Date will not cause any lease that was not or would not have been Capital Lease Obligations prior to such adoption or issuance to be deemed Capital Lease Obligations.

"***Casualty Event***" shall mean any event or occurrence described in clauses (i) and/or (ii) of the definition of "Net Insurance/Condemnation Proceeds".

"***CFC***" shall mean a "controlled foreign corporation" within the meaning of Section 957(a) of the Code.

"***Change in Law***" shall mean (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.12, by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; *provided* that notwithstanding anything herein to the contrary, (x) the Dodd–Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives issued thereunder or in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the day enacted, adopted, issued or implemented.

"***Change of Control***" shall mean the occurrence of any of the following:

(i) the Permitted Holders collectively shall cease to beneficially own and Control at least 25% on a fully diluted basis of (x) the issued and outstanding Equity Interests of Holdings entitled (without regard to the occurrence of any contingency) to vote for the election of members of the Governing Body of Holdings or (y) the total economic interests (for the avoidance of doubt, which shall exclude any Indebtedness (other than Disqualified Stock)) of the Equity Interests of Holdings, in each case with such 25% being free and clear of any Liens, rights, options, warrants or similar agreements or understandings;

(ii) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Borrower and the Subsidiaries, taken as a whole, to any Person;

(iii) the occurrence of a change in the composition of the Governing Body of Holdings or the Borrower such that a majority of the members of any such Governing Body are not Continuing Directors;

(iv) (a) the failure at any time of Holdings, directly, to legally and beneficially own and Control 100% on a fully-diluted basis of the issued and outstanding Equity Interests of the Borrower free and clear of any Liens, rights, options, warrants or similar agreements or understandings other than Liens in favor of the Collateral Agent created pursuant to the Security Documents and other Liens permitted under Section 6.02 or (b) the failure at any time of Holdings to have the ability to elect all of the Governing Body of the Borrower;

(v) the occurrence of any "change of control" (or similar event, howsoever denominated) under the Revolving Loan Agreement or the definitive documentation governing or evidencing any Material Indebtedness of any Loan Party;

(vi) a "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than any such "person" or "group" comprised solely of Permitted Holders, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of or Controls, directly or indirectly, a greater percentage of (a) the issued and outstanding Equity Interests of Holdings entitled (without regard to the occurrence of any contingency) to vote for the election of members of the Governing Body of Holdings or (b) the total economic interests of the Equity Interests of Holdings than that collectively beneficially owned or Controlled (whichever is applicable above) by the Permitted Holders.

As used herein, the term "beneficially own" or "beneficial ownership" shall have the meaning set forth in the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this definition, a Person shall not be deemed to have beneficial ownership of the voting Equity Interests subject to a stock purchase agreement, merger agreement or similar agreement, so long as such agreement contains a condition to the closing of the transactions contemplated thereunder that the Obligations under this Agreement and the other Loan Documents shall be paid in full and terminated prior to (or contemporaneous with) the consummation of such transactions.

"***Change of Control Prepayment Premium***" shall have the meaning assigned to such term in Section 2.11(d).

"***Charges***" shall have the meaning assigned to such term in Section 9.09.

"***Closing Date***" shall mean the date on which the initial Loans are made.

"***Code***" shall mean the Internal Revenue Code of 1986.

"***Collateral***" shall mean all the real, personal, and mixed (real and personal) property of the Loan Parties in which Liens are granted pursuant to the Security Documents, including all "Collateral" (as defined therein), and all Mortgaged Properties (for the avoidance of doubt, excluding any Excluded Assets (as defined in the Guarantee and Collateral Agreement)).

"***Collateral Agent***" shall have the meaning assigned to such term in the Preamble.

"***Commitment***" shall mean, with respect to each Lender, the commitment of such Lender to make Loans hereunder as set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender assumed its Commitment, as applicable. The aggregate amount of the Lenders' Commitments as of the Closing Date is $25,000,000.

"***Competitor***" shall mean any of those Persons or entities that are competitors of the Borrower and its Subsidiaries and affiliates of any such competitors, in each case, identified by the Borrower to the Administrative Agent in writing, and as updated from time to time with prior written consent of the Administrative Agent (such consent not to be unreasonably withheld, delayed or conditioned).

"***Connection Income Taxes***" shall mean Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"***Consolidated Leverage Ratio***" shall mean, on any date, the ratio of the principal amount of all Loans (including, for the avoidance of doubt, any PIK Interest that has been previously added to the principal amount of the Loans) outstanding on such date to Consolidated Revenue for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

"***Consolidated Revenue***" shall mean, for any period, the subscription and maintenance revenue of Holdings and its Subsidiaries on a consolidated basis determined in a manner consistent with GAAP, for such period.

"***Consolidated Total Assets***" shall mean, as of any date, the total property and assets of Holdings and its Subsidiaries, determined in accordance with GAAP, as set forth on the consolidated balance sheet of Holdings delivered in connection with the most recent audited annual financial statements of Holdings (on a pro forma basis after giving effect to any Permitted Acquisitions or any Investments or Dispositions permitted under the Loan Documents).

"***Contingent Obligation***", as applied to any Person, shall mean any direct or indirect liability, contingent or otherwise, of that Person (i) with respect to any Indebtedness, lease, dividend or other obligation (the "***primary obligation***") of another if the purpose or intent thereof by the Person incurring the Contingent Obligation is to provide assurance to the obligee of such primary obligation of another that such primary obligation of another will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such primary obligation will be protected (in whole or in part) against loss in respect thereof, (ii) with respect to any banker's acceptance, letter of credit or surety bond or similar instrument issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings, or (iii) under Hedging Agreements. Contingent Obligations shall include (a) the direct or indirect guarantee, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the primary obligation of another, (b) the obligation to make or pay similar payments if required regardless of non-performance by any other party or parties to an agreement, and (c) any liability of such Person for the primary obligation of another through any agreement (contingent or otherwise) (1) to purchase, repurchase or otherwise acquire such primary obligation or any security therefor, or to provide funds for the payment or discharge of such primary obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) or (2) to maintain the solvency or any balance sheet item, level of income or financial condition of another if, in the case of any agreement described under subclauses (1) or (2) of this sentence, the purpose or intent thereof is as described in the preceding sentence; provided, however, that "Contingent Obligation" shall not include (A) endorsements for collection or deposit in the ordinary course of business, (B) customary indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets or Equity Interests permitted under this Agreement or the other Loan Documents, (C) product warranties or other

similar contingent obligations given or incurred in the ordinary course of business and (D) ordinary course performance guarantees by Holdings or any of its Subsidiaries of the obligations (other than for the payment of Indebtedness) of any other of Holdings or any of its Subsidiaries. The amount of any liability in respect of a Hedging Agreement shall be the amount determined in respect thereof as of the determination date, based on the assumption that such Hedging Agreement had terminated as of such date. In making such determination, if any agreement relating to such Hedging Agreement provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined. The amount of any other Contingent Obligation shall be equal to the lesser of (y) the outstanding amount of the primary obligation so guaranteed or otherwise supported and (z) the stated maximum amount for which such Person may be liable under such Contingent Obligation, unless such primary obligation and the maximum amount for which such guaranteeing Person may be liable are not stated or determinable, in which case, the amount of such Contingent Obligations shall be determined by the Borrower reasonably and in good faith.

"***Continuing Directors***" shall mean the directors of Holdings on the Closing Date, and each other director, if, in each case, such other director's nomination for election to the board of directors of Holdings is recommended by at least a majority of the then Continuing Directors or such other director receives the vote of the Permitted Holders in his or her election by the shareholders of Holdings or such director is appointed pursuant to any shareholder agreement or governing document by any Permitted Holder.

"***Contractual Obligation***" shall mean, with respect to any Person, any agreement, instrument or other undertaking (other than a Loan Document) to which such Person is a party or by which it or any of its property is bound.

"***Control***" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "***Controlling***" and "***Controlled***" shall have meanings correlative thereto.

"***Control Agreement***" shall mean an agreement, reasonably satisfactory in form and substance to the Collateral Agent and executed by the financial institution or securities intermediary at which a Deposit Account or a Securities Account, as the case may be, is maintained, pursuant to which such financial institution or securities intermediary confirms and acknowledges the Collateral Agent's security interest in such account, and agrees that the financial institution or securities intermediary, as the case may be, will comply with instructions or entitlement orders, as applicable, originated by the Collateral Agent as to disposition of funds in such account, without further consent by the Borrower or any Subsidiary; provided that the Collateral Agent shall only deliver instructions or entitlement orders when an Event of Default has occurred and is continuing.

"***Controlled Investment Affiliate***" shall mean, with respect to any Person, any other Person that (a) directly or indirectly, is in Control of, is Controlled by, or is under common Control with, such Person and (b) is organized primarily for the purpose of making equity or debt investments in one or more companies.

"***Copyright Act***" shall mean Title 17 of the United States Code, including the Copyright Act of 1976, and all rules and regulations issued or promulgated thereunder, all as amended and in effect from time to time.

"***Credit Facility***" shall mean the term loan facility provided for by this Agreement.

"***Cure Amount***" shall have the meaning assigned to such term in Section 7.02(a).

"***Cure Contribution***" shall have the meaning assigned to such term in Section 7.02(a).

"***Cure Date***" shall have the meaning assigned to such term in Section 7.02(a).

"***Cure Right***" shall have the meaning assigned to such term in Section 7.02(a).

"***Cure Securities***" shall have the meaning assigned to such term in Section 7.02(a).

"***Declined Proceeds***" shall have the meaning assigned to such term in Section 2.11(f).

"***Default***" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"***Deposit Account***" shall have the meaning assigned to such term in the UCC.

"***Designated Event of Default***" shall mean any Event of Default of the type described in any of clauses (a), (b), (g) or (h) of Section 7.01.

"***Disposition***" shall mean with respect to any property (other than cash), any sale, lease, sublease, sale and leaseback, assignment, conveyance, transfer, license or other disposition thereof. The terms "Dispose" and "Disposed of" shall have correlative meanings. For the avoidance of doubt, the terms Disposition, Dispose and Disposed of do not refer to the issuance, sale or transfer of Equity Interests by Holdings.

"***Disqualified Stock***" shall mean any Equity Interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable (other than solely for Qualified Capital Stock), pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, or requires the payment of any cash dividend or any other scheduled payment (other than payments solely in the form of issuances of Qualified Capital Stock) constituting a return of capital, in each case at any time on or prior to the date that is 91 days following the Maturity Date; or (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) Indebtedness securities or (ii) any Equity Interest referred to in clause (a) above, in each case at any time on or prior to the date that is 91 days following the Maturity Date, except, in the case of clause (a), if as a result of a change of control event or asset sale or other Disposition or casualty event, so long as any rights of the holders thereof to require the redemption thereof upon the occurrence of such a change of control event or asset sale or other Disposition or casualty event are subject to the prior payment in full of the Obligations (other than unasserted contingent indemnification or reimbursement obligations not yet due).

"***Dollars***" or "***$***" shall mean lawful money of the United States of America.

"Domestic Subsidiary" shall mean any Subsidiary organized under the laws of the United States of America, any State thereof or the District of Columbia in each case, other than a Foreign Subsidiary Holdco.

"***Eligible Assignee***" shall mean (i) any Lender, any Affiliate of any Lender and any Related Fund of any Lender; and (ii) (a) a commercial bank organized under the laws of the United States or any state thereof; (b) a savings and loan association or savings bank organized under the laws of the United States

or any state thereof; (c) a commercial bank organized under the laws of any other country or a political subdivision thereof; *provided* that (1) such bank or association is acting through a branch or agency located in the United States or (2) such bank is organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development or a political subdivision of such country; and (d) any other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) that makes or purchases loans or investments in the ordinary course of business; *provided* that, notwithstanding anything to the contrary in this Agreement, each of the Borrower, any Affiliate of the Borrower and any Excluded Lender shall not be an Eligible Assignee and any attempted assignment to such Persons shall be absolutely void ab initio.

"***Eligible Incremental Lender***" shall mean all Eligible Assignees reasonably acceptable to the Administrative Agent and the Borrower.

"***Employee Benefit Plan***" shall mean, at any time, an employee benefit plan, as defined in Section 3(3) of ERISA, which the Borrower or any ERISA Affiliate maintains, contributes to or has an obligation to contribute or with respect to which Borrower could reasonably be expected to incur liability (including under Section 4409 of ERISA or on account of an ERISA Affiliate).

"***Environmental Laws***" shall mean all former, current and future Federal, state, local and foreign laws (including common law), treaties, regulations, rules, ordinances, codes, decrees, judgments, directives, orders (including consent orders), and agreements in each case, relating to protection of the environment, natural resources or the presence, Release of, or exposure to, Hazardous Materials, or the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or the arrangement for such activities with respect to, Hazardous Materials.

"***Environmental Liability***" shall mean all liabilities, obligations, damages, losses, claims, actions, suits, judgments, orders, fines, penalties, fees, expenses and costs (including administrative oversight costs, natural resource damages and remediation costs), whether contingent or otherwise, arising out of or relating to (a) compliance or non compliance with any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"***Equity Interests***" shall mean shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any Person, and any option, warrant or other right entitling the holder thereof to purchase or otherwise acquire any such equity interest.

"***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"***ERISA Affiliate***" shall mean any trade or business (whether or not incorporated) that, together with the Borrower, is, or was within the last six preceding plan years, treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 of the Code, is, or was within the last six preceding plan years, treated as a single employer under Section 414 of the Code. Any trade or business that was an ERISA Affiliate under the preceding sentence during the six preceding plan years shall continue to be deemed an ERISA Affiliate hereunder solely with respect to liabilities asserted against Borrower under the Code or ERISA attributable to the period such trade or business was in fact an ERISA Affiliate under the preceding sentence.

"***ERISA Event***" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived), (b) the failure of any Plan to meet the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived, (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, (d) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Borrower or any ERISA Affiliate from any Plan or Multiemployer Plan, (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan or the occurrence of any event or condition which would reasonably be expected to constitute grounds under ERISA for the termination of or the appointment of a trustee to administer, any Plan, (f) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA, (g) the occurrence of a non-exempt "prohibited transaction" with respect to which the Borrower or any of the Subsidiaries is a "disqualified person" (within the meaning of Section 4975 of the Code) or with respect to which the Borrower or any such Subsidiary could reasonably be expected to incur a material liability, (h) the incurrence by the Borrower or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA, (i) the imposition of liability on the Borrower or any ERISA Affiliate pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA or (j) the imposition of a Lien on the Borrower pursuant to Section 430(k) of the Code or ERISA.

"***Events of Default***" shall have the meaning assigned to such term in Article VII.

"***Excess Rate***" shall have the meaning assigned to such term in Section 2.22.

"***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended.

"***Excluded Equity***" shall mean (a) in the case of Equity Interests of all existing first-tier Foreign Subsidiaries that are CFCs of any Loan Party, 35% of the voting Equity Interests of such Foreign Subsidiary, (b) in the case of Equity Interests of any Foreign Subsidiary Holdco, 35% of the voting Equity Interests of such Foreign Subsidiary HoldCo or, in the case under the foregoing clause (b) only such lesser amount to the extent the pledge of or a granting of a Lien on a greater amount of such Foreign Subsidiary Holdco's Equity Interests could not reasonably be expected to (i) result in adverse tax consequences, (ii) result in costs to Holdings and its Subsidiaries that are disproportionately large in relation to the benefit to the Lenders, as mutually determined by the Collateral Agent and the Borrower in their reasonable discretion or (iii) be prevented or impaired by applicable law, order or regulation, (c) any Equity Interests in a joint venture or non-Wholly Owned Subsidiary (other than a non-Wholly Owned Subsidiary acquired pursuant to a Permitted Acquisition) to the extent (i) the granting, creating or perfecting a pledge, security interest or Lien on such Equity Interests is prohibited or restricted by a Contractual Obligation or (ii) the consent or approval of a Person other than an Affiliate of the Borrower is required, or (d) any Equity Interests of any Person that is not a first-tier Subsidiary of any Loan Party (except (but only) to the extent such Person is a first-tier Subsidiary of another Loan Party).

"***Excluded Lender***" shall mean (a) natural Persons, (b) Competitors and (c) those banks, financial institutions, institutional lenders and other Persons that have been specified to the Administrative Agent by the Borrower or the Sponsor in writing prior to the Closing Date (it being agreed and understood by the Agents and each Lender on the Closing Date that the list specifying the Persons in clause (c) of this definition shall not be delivered to (or any of its contents shared with) any Person other

than the Persons that are Lenders on the Closing Date; *provided* that the Administrative Agent may verbally state whether a Person is an Eligible Assignee based on such list so long as the question is posed by a Lender for the sole purpose of considering assigning the Loans or selling participations hereunder to a non-Affiliated third-Person that is not otherwise excluded from being an Eligible Assignee").

"***Excluded Taxes***" shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date of which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.l8(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.17(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"***Existing Debt Refinancing***" shall mean the repayment in full of the Indebtedness set forth on Schedule 1.01(c) and the termination of commitments thereunder and the release of all guarantees and security in respect thereof.

"***Fair Labor Standards Act***" shall mean the Fair Labor Standards Act of 1938, as amended from time to time.

"***FATCA***" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"***Federal Funds Effective Rate***" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System of the United States arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"***Federal Power Act***" shall mean the Federal Power Act of 1935, as amended from time to time.

"***Fees***" shall mean the Yield Enhancement Fees.

"***Financial Officer***" of any Person shall mean the chief financial officer, chief executive officer, vice president of finance, principal accounting officer, treasurer, assistant treasurer or controller, or, in each case, anyone acting in such capacity or any similar capacity, of such Person.

"***Foreign Lender***" shall mean any Lender that is not a U.S. Person.

"***Foreign Plan***" shall mean any defined benefit pension plan maintained or contributed to by any Loan Party solely with respect to employees employed outside the United States.

"***Foreign Subsidiary***" shall mean any Subsidiary that is not a Domestic Subsidiary.

"***Foreign Subsidiary Holdco***" shall mean a direct or indirect Subsidiary organized under the laws of the United States of America, any State thereof or the District of Columbia of the Borrower formed or acquired before, on or after the Closing Date, that has no material assets other than capital stock or other Equity Interests of CFCs.

"***GAAP***" shall mean United States generally accepted accounting principles applied on a consistent basis.

"***Governing Body***" shall mean the board of directors or other body having the power to direct or cause the direction of the management and policies of a Person that is a corporation, partnership, trust or limited liability company.

"***Governmental Authority***" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality, regulatory body, board or commission.

"***Granting Lender***" shall have the meaning assigned to such term in Section 9.04(j).

"***Guarantee and Collateral Agreement***" shall mean the Guarantee and Collateral Agreement, in the form of Exhibit E, among the Borrower, Holdings, the Subsidiary Guarantors party thereto, and the Collateral Agent for the benefit of the Secured Parties.

"***Guarantors***" shall mean Holdings and the Subsidiary Guarantors.

"***Hazardous Materials***" shall mean (a) any petroleum products or byproducts and all other hydrocarbons, coal ash, radon gas, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, chlorofluorocarbons and all other ozone-depleting substances and (b) any chemical, material, substance or waste that is prohibited, limited or regulated by or pursuant to any Environmental Law.

"***Hedging Agreement***" shall mean any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"***Holdings***" shall have the meaning assigned to such term in the Preamble.

"***ICC Termination Act***" shall mean the ICC Termination Act of 1995, as amended from time to time.

"***Immaterial Subsidiary***" means Subsidiaries of the Borrower that (i) are not Loan Parties, (ii) own assets in an amount no greater than 2.5% individually and 5% in the aggregate of the Consolidated Total Assets of Holdings and its Subsidiaries (on a consolidated basis), (iii) generate revenue in an amount no greater than 2.5% individually and 5% in the aggregate of the total revenues of Holdings and its Subsidiaries (on a consolidated basis) and (iv) have previously been designated in writing by the Borrower to the Administrative Agent as "Immaterial Subsidiaries."

"***Increase Conditions***" means the following conditions: (i) Consolidated Revenue for the most recently ended four fiscal quarter period for which financial statements under Section 5.04(a) or (b) have been delivered equaling or exceeding $50,000,000 and (ii) receipt by the Administrative Agent of a certificate of a Financial Officer of the Borrower setting forth in reasonable detail the calculations showing satisfaction of the foregoing condition.

"***Increased Amount Date***" shall have the meaning assigned to such term in Section 2.22.

"***Incremental Commitments***" shall have the meaning assigned to such term in Section 2.22.

"***Incremental Lender***" shall have the meaning assigned to such term in Section 2.22.

"***Incremental Loan***" shall have the meaning assigned to such term in Section 2.22.

"***Incremental Loan Amendment***" shall have the meaning assigned to such term in Section 2.22.

"***Indebtedness***" of any Person shall mean, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services, including any-earn out obligations (excluding (i) trade accounts payable and accrued obligations incurred in the ordinary course of business and not more than 180 days past due, (ii) purchase price adjustments and earn-out obligations (unless such amounts are not paid after becoming due and payable or appear (or would be required to appear pursuant to GAAP) as liabilities on the balance sheet of such Person), (iii) royalty payments made in the ordinary course of business in respect of licenses, any accruals for payroll and (iv) other non-interest bearing liabilities accrued in the ordinary course of business and deferred rent obligations), (e) all Indebtedness of others (excluding prepaid interest thereon) secured by any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, but limited to the lower of (x) fair market value of such property as determined by such Person reasonably and in good faith and (y) the amount of Indebtedness secured by such Lien, (f) all Contingent Obligations of such Person in respect of Indebtedness of others, (g) all Capital Lease Obligations and Synthetic Lease Obligations of such Person to the extent classified as indebtedness under GAAP (for the avoidance of doubt, lease payments under any operating leases (other than Capitalized Lease Obligations recorded as capitalized leases in accordance with GAAP as in effect on the Closing Date) shall not constitute Indebtedness), (h) all obligations of such Person as an account party in respect of letters of credit, (i) all obligations of such Person in respect of bankers' acceptances, (j) Disqualified Stock and (k) all obligations of such Person in respect of any Hedging Agreement, in each case, whether entered into for hedging or speculative purposes or otherwise; *provided* that (1) Indebtedness shall not include (A) accrued expenses, deferred rent, deferred revenue, deferred taxes and deferred compensation and customary obligations under employment arrangements, (B) customary payables with respect to money orders or wire transfers, and (C) obligations under operating leases and (2) the items in clauses (a) through (k) above shall constitute Indebtedness of such person solely to the extent (x) such Person is liable for such item, (y) any such item is secured by a Lien on such Person's property but only to the extent of the lesser of the fair market value of the property subject to such Lien and the principal amount of, and interest and other amount owing in respect of, such Indebtedness or (z) any other Person has a right, contingent or otherwise, to cause such Person to become liable for any part of any such item or to grant such a Lien. The amount of any Indebtedness of any Person in respect of a Hedging Agreement shall be the amount determined in respect thereof as of the determination date, based on the assumption that such Hedging Agreement had terminated as of such date. In making such determination, if any agreement relating to such Hedging Agreement provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so

determined. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or joint venturer, but only to the extent such Person is obligated therefor by contract or operation of applicable law.

"***Indemnified Taxes***" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"***Indemnitee***" shall have the meaning assigned to such term in Section 9.05(b).

"***Information***" shall have the meaning assigned to such term in Section 9.16.

"***Insolvency Proceeding***" shall mean (i) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (ii) any general assignment for the benefit of creditors, formal or informal moratorium, composition, marshaling of assets for creditors or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each case, undertaken under United States federal or state or non-United States legal requirements, including the Bankruptcy Code.

"***Intellectual Property***" shall mean all present and future: trade secrets, know-how and other proprietary information; trademarks, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and the goodwill of the business relating thereto and all registrations or applications for registrations therefor throughout the world; works of authorship, copyrightable works, copyright registrations and copyright applications; and all tangible and intangible property embodied therein, unpatented inventions (whether or not patentable); patents and patent applications; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; the right to sue for all past, present and future infringements of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

"***Intercreditor Agreement***" shall mean an intercreditor agreement between the Collateral Agent and lenders under the Revolving Loan Agreement (or the Revolving Agent on behalf of such lenders) in form and substance reasonably acceptable to the Collateral Agent.

"***Interest Payment Date***" shall mean December 31, 2013 and the last day of each calendar quarter thereafter, *provided* if any such day is not a Business Day, such Interest Payment Date shall be extended to the next succeeding Business Day and interest shall accrue for each day of such extension.

"***Interstate Commerce Act***" shall mean the Interstate Commerce Act of 1887, as amended from time to time.

"***Investment***" shall mean (i) any direct or indirect purchase or other acquisition by Holdings, the Borrower or any of its Subsidiaries of, or of a beneficial interest in, any stocks, bonds, notes, debentures or other obligations or securities of any other Person; (ii) any direct or indirect redemption, retirement, purchase or other acquisition for value, by Holdings, the Borrower or any Subsidiary of the Borrower from any Person, of any Equity Interests of such Person; and (iii) any direct or indirect loan, advance

(other than loans or advances to employees for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contributions by Holdings, the Borrower or any of its Subsidiaries to any other Person. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto (other than replacement or repair costs in connection with Casualty Events), without any adjustments for increases or decreases in value, or write ups, write downs or write offs with respect to such Investment and after giving effect to any return of capital, repayment or dividends or distributions in respect thereof received in cash with respect to such Investment and less all liabilities expressly assumed by another person in connection with the sale or other disposition of such Investment.

"***Investment Company Act of 1940***" shall mean the Investment Company Act of 1940, as amended from time to time.

"***IRS***" shall mean the United States Internal Revenue Service.

"***Lenders***" shall mean (a) the Persons listed on Schedule 2.01 (other than any such Person that has ceased to be a party hereto pursuant to an Assignment and Acceptance) and (b) any Person that has become a party hereto pursuant to an Assignment and Acceptance, in each case, in accordance and in compliance with Section 9.04 (including, without limitation, any consents required thereby); *provided*, *however*, that no Excluded Lender shall be a Lender.

"***Libor Rate***" shall mean, for any date of determination, the greater of (x) 1.50% per annum and (y) the three-month London Interbank Offered Rate (rounded upward to the nearest 1/16 of one percent) that appears on Bloomberg as of approximately 11:00 a.m. (Los Angeles time) on such date of determination; *provided*, that if such index ceases to exist or is no longer published or announced, then the term "Libor Rate" shall mean the three-month London Interbank Offered Rate (rounded upward to the nearest 1/16 of one percent) as published in The Wall Street Journal on such date of determination, and if this latter index ceases to exist or is no longer published or announced, then the term "Libor Rate" shall mean the Prime Rate (rounded upward to the nearest 1/16 of one percent) as published in The Wall Street Journal on such date of determination. The Libor Rate shall be reasonably determined on the Closing Date and the first Business Day of each calendar quarter thereafter by the Administrative Agent or, if no Administrative Agent then exists, by the Required Lenders.

"***LIBOR Unavailability Notice***" shall have the meaning assigned to such term in Section 2.12(e).

"***Lien***" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset or (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; *provided* that in no event shall an operating lease be deemed to be a Lien.

"***Liquidity***" shall mean (i) the amount of Unrestricted Cash and Permitted Investments of the Loan Parties in the aggregate plus (ii) the aggregate amount of unused commitments under the Revolving Loan Agreement.

"***Loan(s)***" shall mean the term loans made by the Lenders to the Borrower pursuant to Section 2.01, together with PIK Interest, if any.

"***Loan Commitment Percentage***" shall mean, as to any Lender at any time, the percentage of the aggregate outstanding principal amount of Loans then constituted by the aggregate outstanding principal amount of such Lender's Loans.

"***Loan Documents***" shall mean this Agreement, the Security Documents, the Intercreditor Agreement, the Notes and any other document or agreement executed in connection herewith or therewith.

"***Loan Parties***" shall mean the Borrower and the Guarantors.

"***Local Time***" shall mean Los Angeles time.

"***Management Agreement***" shall mean any written agreement by and between Sponsor or its Affiliates and Holdings or Borrower entered into after the Closing Date in form and substance reasonably satisfactory to the Administrative Agent (it being understood and agreed that any provisions providing for cost and expense reimbursement and indemnification not in excess of the amount permitted under Section 6.06(a)(iii) of this Agreement shall be satisfactory to the Administrative Agent).

"***Management Fee Recipient***" shall have the meaning assigned to such term in the definition of "Management Fees".

"***Management Fees***" shall mean any fees or other amounts (whether structured as a fee, an underwriting discount or otherwise) payable, directly or indirectly, to or for the benefit of any direct or indirect holder of Equity Interests of Holdings or any Affiliate of any such holder of Equity Interests (each of the foregoing, but excluding any Agent or any Lender, a "***Management Fee Recipient***") or in respect of management, consulting, financial advisory, financing, underwriting or placement services or other investment banking activities provided by or on behalf of any Management Fee Recipient to or for the benefit, directly or indirectly, of any of Holdings or Holdings' Affiliates, whether payable, earned or otherwise provided for pursuant to a Management Agreement (howsoever denominated) or otherwise; *provided*, *however*, that Management Fees shall not include (i) any costs or expenses (including, without limitation, attorney's fees) incurred by, or any indemnities provided to, Sponsor and/or any of its Related Parties and (ii) any amounts accrued (or rights to present or future payments or amounts) but not actually paid.

"***Margin Stock***" shall have the meaning assigned to such term in Regulation U.

"***Material Adverse Effect***" shall mean (a) a materially adverse effect on and/or material adverse developments with respect to (i) the value of the Collateral (taken as a whole) or (ii) the business, operations, financial condition or properties of Holdings, the Borrower and its Subsidiaries, taken as a whole, (b) a material impairment of the ability of the Borrower or the other Loan Parties, taken as a whole, to perform any of its or their obligations under any Loan Document to which it is or they are a party or (c) a material impairment of the rights and remedies, taken as a whole, of the Administrative Agent, the Collateral Agent and the Lenders under the Loan Documents (other than to the extent a result of the action or inaction of the Administrative Agent, the Collateral Agent, the Lenders, the other secured parties under the Loan Documents or their respective Related Parties).

"***Material Domestic Real Property***" shall mean any real property located in the United States with a fair market value in excess of $1,000,000.

"***Material Foreign Assets***" shall mean, (i) any foreign personal property (including, without limitation, any foreign registered Intellectual Property) of a Loan Party constituting Collateral with a value as of any date of determination in excess of 10% of Consolidated Total Assets and (ii) Equity Interests of any direct Foreign Subsidiary of any Loan Party that is a Wholly-Owned Subsidiary constituting Collateral solely to the extent such Foreign Subsidiary generates revenue in an amount in excess of 10% of the total revenues of Holdings and its Subsidiaries on a consolidated basis.

"***Material Indebtedness***" shall mean Indebtedness (other than the Loans) of any one or more of Holdings, the Borrower or any Subsidiary in an aggregate principal amount exceeding $1,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Holdings, the Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements to the extent that such agreements) that Holdings, the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time. For the avoidance of doubt, the Obligations shall not constitute Material Indebtedness.

"***Maturity Date***" shall mean September 25, 2018.

"***Maximum Rate***" shall have the meaning assigned to such term in Section 9.09.

"***Modification***" shall have the meaning assigned to such term in the definition of "Permitted Refinancing."

"***Moody's***" shall mean Moody's Investors Service, Inc., or any successor thereto.

"***Mortgaged Properties***" shall mean each parcel of owned real property and improvements thereto with respect to which a Mortgage is granted pursuant to Section 5.12.

"***Mortgages***" shall mean the mortgages, deeds of trust, assignments of leases and rents, modifications and other security documents delivered with respect to Mortgaged Properties pursuant to Section 5.12, in each case, utilized as security for the Obligations, each reasonably acceptable in form and substance to the Administrative Agent and the Borrower.

"***Multiemployer Plan***" shall mean a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA; (a) to which Borrower or any ERISA Affiliate making or accruing an obligation to make contributions; or (b) with respect to which Borrower could reasonably be expected to incur liability.

"***Net Asset Sale Proceeds***" shall mean the cash proceeds received by the Borrower or any of its Subsidiaries in respect of an Asset Sale (including cash proceeds subsequently received (as and when received) in respect of noncash consideration initially received but excluding (for the avoidance of doubt) any issuance of Equity Interests mentioned in the proviso of the definition of "Asset Sale"), net of (a) actual and customary expenses (including customary broker's fees or commissions, legal fees, accounting fees, transfer and similar taxes and the Borrower's good faith estimate of income taxes, in each case paid or payable in connection with such sale), (b) amounts provided as a reserve, in accordance with GAAP, against any liabilities under any indemnification obligations or purchase price adjustment associated with such Asset Sale (*provided* that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Asset Sale Proceeds) and (c) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness for borrowed money that is secured by the asset sold in such Asset Sale and that is required to be repaid with such proceeds (other than any such Indebtedness assumed by the purchaser of such asset and other than Indebtedness hereunder).

"***Net Insurance/Condemnation Proceeds***" shall mean any net cash payments or net cash proceeds (after taking into account any fees, costs, expenses (including, without limitation, legal fees) and deductibles related thereto or incurred in connection therewith) received by the Borrower or any of its Subsidiaries (i) under any casualty insurance policy in respect of a covered loss of property thereunder or (ii) as a result of the taking of any assets of the Borrower or any of its Subsidiaries by any Person pursuant to the power of eminent domain or condemnation pursuant to any law, or by reason of the

temporary requisition of the use or occupancy of all or any part of any real property of any Person or any part thereof by any Governmental Authority, civil or military, in each case, net of (a) customary costs and expenses (including customary broker's fees or commissions, legal fees, accounting fees, transfer and similar taxes and the Borrower's good faith estimate of income taxes, in each case paid or payable in connection therewith) and (b) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness for borrowed money that is secured by the asset subject to such covered loss or taking and that is required to be repaid with such proceeds (other than Indebtedness hereunder).

"***Net Securities Proceeds***" shall mean the cash proceeds (net of customary underwriting discounts and commissions and other customary costs and expenses associated therewith, including customary legal fees and expenses and taxes) from the incurrence of Indebtedness by Holdings, the Borrower or any of its Subsidiaries.

"***Note***" shall have the meaning assigned to such term in Section 2.04(d).

"***Notice of Intent to Cure***" shall have the meaning assigned to such term in Section 7.02(c).

"***Obligations***" shall mean all obligations of every nature of each Loan Party from time to time owed to the Administrative Agent, the Lenders or any of them under the Loan Documents, whether for principal, interest (including, without limitation, any PIK Interest and interest accruing after the commencement of any bankruptcy case or Insolvency Proceeding involving a Loan Party, whether or not such interest is an allowed claim in such case or proceeding), fees, premium, expenses, indemnification or otherwise.

"***OFAC***" shall have the meaning assigned to such term in Section 3.23.

"***OID***" shall have the meaning assigned to such term in Section 2.20.

"***Organizational Documents***" shall mean with respect to any Person, its charter, certificate or articles of incorporation, bylaws, articles of organization, operating agreement, partnership agreement or similar agreement or instrument governing the formation or operation of such Person.

"***Other Connection Taxes***" shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"***Other Taxes***" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"***Participant Register***" shall have the meaning assigned to such term in Section 9.04(g).

"***Payment Office***" shall mean the office of the Administrative Agent located at 2951 28th Street, Suite 1000, Santa Monica, California 90405 or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"***PBGC***" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"***Perfection Certificate***" shall mean the Perfection Certificate substantially in the form of Exhibit B to the Guarantee and Collateral Agreement.

"***Permitted Acquisition***" shall have the meaning assigned to such term in Section 6.04(vii).

"***Permitted Capital Lease Amount***" shall mean $2,500,000, provided, however that if the Increase Conditions are met, the Permitted Capital Lease Amount shall mean $5,000,000.

"***Permitted Founder Distributions***" shall mean amounts payable to Therese Tucker, an individual, pursuant to Section 6.9(h) of the Acquisition Agreement.

"***Permitted Holders***" shall mean, collectively, Sponsor and its Controlled Investment Affiliates.

"***Permitted Investments***" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed or insured by, the United States of America (or by any agency or instrumentality thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within one year from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, the Administrative Agent or any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria of clause (c) above;

(e) investments in "money market funds" within the meaning of Rule 2a-7 of the Investment Company Act of 1940, at least 95% of whose assets are invested in investments of the type described in clauses (a) through (d) above;

(f) demand deposit accounts maintained in the ordinary course of business; and

(g) other short-term investments utilized by Foreign Subsidiaries in accordance with normal investment practices for cash management in investments of a type analogous to the foregoing.

"***Permitted Non-Loan Party Investment Amount***" shall mean $5,000,000 provided, however that if the Increase Conditions are met, the Permitted Non-Loan Party Investment Amount shall mean $10,000,000.

"***Permitted Refinancing***" shall mean, with respect to any Person, any modification, refinancing, refunding, replacement, renewal or extension (each, a "***Modification***") of any Indebtedness of such Person (such Indebtedness prior to giving effect to such Modification, "***Subject Indebtedness***" and, after giving effect to such Modification, "***Refinancing Indebtedness***"); *provided* that (a) the principal amount

thereof does not exceed the principal amount of such Subject Indebtedness except by an amount equal to unpaid accrued interest and premium thereon *plus* underwriting discounts, premiums paid, fees, costs and expenses (including, without limitation, attorney's fees) incurred, in connection with such Modification and by an amount equal to any existing commitments unutilized thereunder, (b) other than with respect to a Permitted Refinancing of Indebtedness permitted pursuant to Section 6.01(v) or Section 6.01(vi), such Refinancing Indebtedness has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Subject Indebtedness, (c) to the extent such Subject Indebtedness is (i) subordinated in right of payment to the Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Obligations on terms, taken as a whole, at least as favorable to the Lenders in all material respects as those contained in the documentation governing the subordination of the Subject Indebtedness, (ii) secured by a junior permitted lien on the Collateral (or portion thereof), in the case of this clause (ii) such Refinancing Indebtedness shall be unsecured or secured by a junior permitted lien on the Collateral (or portion thereof) or (iii) unsecured, such Refinancing Indebtedness shall be unsecured, (d) such Modification does not provide for the granting or obtaining of collateral security from, or obtaining any lien on any assets of, any Person, other than collateral security obtained from Persons that provided (or were required to provide) collateral security with respect to such Subject Indebtedness (so long as the assets subject to such liens were or would have been required to secure such Subject Indebtedness) (provided that additional Persons that would have been required to provide collateral security with respect to such Subject Indebtedness may provide collateral security with respect to such Refinancing Indebtedness), (e) any such Refinancing Indebtedness shall be subject to intercreditor provisions (including lien subordination provisions if such Refinancing Indebtedness is secured by a lien on the Collateral the priority of which is contractually subordinated to the Liens on the Collateral securing the Obligations) which are no less favorable, taken as a whole, to the Secured Parties than those contained in such Subject Indebtedness or are otherwise reasonably acceptable to the Administrative Agent, (f) neither Holdings nor any of its Subsidiaries shall be an obligor or guarantor of any such Refinancing Indebtedness except to the extent that such Person was such an obligor or guarantor in respect of the Subject Indebtedness and (g) with respect to any Subject Indebtedness concerning the Revolving Loans, the Modification thereof is permitted under the Intercreditor Agreement.

"***Permitted Restricted Payment Amount***" shall mean $500,000 provided, however that if the Increase Conditions are met, the Permitted Restricted Payment Amount shall mean $1,000,000.

"***Permitted Tax Distributions***" shall mean for each tax year (or portion thereof) that the Borrower is a corporation for U.S. federal income tax purposes and is a member of an affiliated group filing consolidated or combined returns of which it is not the common parent, the direct or indirect payment by the Borrower to the common parent of such group of the consolidated or combined federal, state and local income Taxes payable by the common parent for such group; *provided* that the amount of such payments in any taxable year (or portion thereof) does not exceed the amount that Holdings and its Subsidiaries would be required to pay in respect of U.S. federal, state and local income Taxes for such taxable year (or portion thereof) were Holdings and its Subsidiaries to file as part of a consolidated or combined group for income tax purposes; *provided further* that any amounts paid solely with respect to Holdings shall be attributable to operations or actions of Holdings that are permitted by Section 6.13.

"***Person***" shall mean any natural person, corporation, business trust, joint venture, association, company, limited liability company, partnership, Governmental Authority or other entity.

"PIK Interest"shall have the meaning assigned to such term in Section 2.06(a).

"***Plan***" shall mean any employee pension benefit plan, as defined in Section 3(2) of ERISA (other than a Multiemployer Plan), subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA which is maintained or contributed to by Borrower or any ERISA Affiliate or with respect to which Borrower could reasonably be expected to incur liability (including on account of an ERISA Affiliate).

"***Prime Rate***" means, for any day, the rate of interest in effect for such day that is identified and normally published by The Wall Street Journal as the "Prime Rate" (or, if more than one rate is published as the Prime Rate, then the highest of such rates), with any change in Prime Rate to become effective as of the date the rate of interest which is so identified as the "Prime Rate" is different from that published on the preceding Business Day. If The Wall Street Journal no longer reports the Prime Rate, or if the Prime Rate no longer exists, or the Administrative Agent determines in good faith that the rate so reported no longer accurately reflects an accurate determination of the prevailing Prime Rate, then the Administrative Agent may select a reasonably comparable index or source to use as the basis for the Prime Rate.

"***Qualified Capital Stock***" of any Person shall mean any Equity Interest of such Person that is not Disqualified Stock.

"***Recipient***" shall mean (a) the Administrative Agent and (b) any Lender, as applicable.

"***Refinancing Indebtedness***" shall have the meaning assigned to such term in the definition of "Permitted Refinancing."

"***Register***" shall have the meaning assigned to such term in Section 9.04(d).

"***Regulation T***" shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"***Regulation U***" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"***Regulation X***" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"***Related Documents***" shall mean, collectively, the Warrants and the Warrant Agreement.

"***Related Fund***" shall mean, with respect to any Lender that is a fund or commingled investment vehicle that invests in bank loans, any other fund that invests in bank loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"***Related Parties***" shall mean, with respect to any specified Person, such Person's Controlled Affiliates and the respective directors, trustees, officers, employees, agents, attorneys, representatives and advisors of such Person and such Person's Controlled Affiliates; *provided* that an agent of a sub-agent shall not be a Related Party, unless (i) such agent is appointed as a sub-agent by an Agent in accordance with Article VIII, or (ii) such agent is appointed or retained by, or at the direction of, the Required Lenders.

"***Release***" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment or within or upon any building, structure, facility or fixture.

"***Required Lenders***" shall mean, at any time, Lenders having Loans and Commitments representing more than 50% of the sum of all Loans and Commitments at such time.

"***Responsible Officer***" of any Person shall mean any executive officer (including, without limitation, the president, any vice president, secretary and assistant secretary), or Financial Officer of such Person and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement.

"***Restricted Payment***" shall mean (i) any cash dividend or other cash distribution with respect to any Equity Interests in Holdings, the Borrower or any Subsidiary and (ii) any cash payment, including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in Holdings, the Borrower or any Subsidiary.

"***Revolving Agent***" shall mean the agent for the Revolving Loan Lenders under the Revolving Loan Agreement.

"***Revolving Loan Agreement***" shall mean a revolving loan agreement to be entered into among the Loan Parties and lenders (and agents, if any) reasonably acceptable to the Administrative Agent and on terms and conditions reasonably satisfactory to the Administrative Agent (it being understood and agreed that representations, warranties, covenants, events of default or other terms or provisions that are substantially similar to those in this Agreement are acceptable and satisfactory to the Administrative Agent), subject to the terms of the Intercreditor Agreement and with aggregate commitments thereunder not to exceed $5,000,000 which commitments may be increased up to $10,000,000, so long as at the time of such increase, the Increase Conditions are satisfied.

"***Revolving Loan Documents***" shall mean the loan documents entered into in connection with the Revolving Loan Agreement as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the Intercreditor Agreement or any Permitted Refinancing thereof.

"***Revolving Loan Lenders***" shall mean the lenders under the Revolving Loan Agreement.

"***Revolving Loans***" shall mean the loans made pursuant to the Revolving Loan Agreement or any loans under any Permitted Refinancing thereof.

"***S&P***" shall mean Standard & Poor's Ratings Service, or any successor thereto.

"***SEC***" shall mean the Securities and Exchange Commission or any other similar or successor agency of the Federal government administering the Securities Act.

"***Secured Parties***" shall have the meaning assigned to such term in the Guarantee and Collateral Agreement.

"***Securities Account***" is defined in the UCC.

"***Securities Act***" shall mean the Securities Act of 1933, as amended, or any successor Federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect from time to time.

"***Security Documents***" shall mean the Guarantee and Collateral Agreement, Control Agreements, the Mortgages (if any) and each of the security agreements, mortgages and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.12 and utilized to pledge or grant a security interest or Lien on any property as collateral for the Obligations.

"***SPC***" shall have the meaning assigned to such term in Section 9.04(j).

"***Sponsor***" shall mean Silver Lake Sumeru Fund, L.P.

"***Subject Indebtedness***" shall have the meaning assigned to such term in the definition of "Permitted Refinancing."

"***Subordinated Indebtedness***" shall mean any Indebtedness of a Loan Party (other than, to the extent then in effect, any Revolving Loans or any other obligations under the Revolving Loan Documents) incurred from time to time and subordinated in right of payment to the Obligations and subject to a subordination agreement in form and substance reasonably satisfactory to the Administrative Agent.

"***Subsidiary***" shall mean, with respect to any Person (herein referred to as the "***parent***"), any corporation, partnership, limited liability company, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of Holdings.

"***Subsidiary Guarantor***" shall mean, on the Closing Date, each Subsidiary of the Borrower listed on Schedule 1.01(a), and thereafter each wholly-owned Domestic Subsidiary that is or becomes a party to the Guarantee and Collateral Agreement or otherwise provides a guarantee in respect of the Obligations.

"***Synthetic Lease***" shall mean, as to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (a) that is accounted for as an operating lease under GAAP but which, upon the application of any insolvency or bankruptcy laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment) and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

"***Synthetic Lease Obligations***" shall mean, as to any Person, an amount equal to the capitalized amount of the remaining lease payments under any Synthetic Lease that would appear on a balance sheet of such Person in accordance with GAAP if such obligations were accounted for as Capital Lease Obligations.

"***Tax Returns***" shall mean (i) all returns, declarations, reports, schedules or information return or statement of, or with respect to, Taxes required to be filed with any Governmental Authority or depository and (ii) Form TD F 90-22.1.

"***Taxes***" shall mean any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"***Termination Date***" shall have the meaning assigned to such term in Section 3.13.

"***Terrorism Order***" shall have the meaning assigned to such term in Section 3.25.

"***Tranche***" shall mean (a) the Loans and (b) the Incremental Loans.

"***Transactions***" shall mean, collectively, the transactions to occur pursuant to the Loan Documents, including (a) the execution and delivery of the Loan Documents and the making of the borrowings hereunder; (b) the Existing Debt Refinancing; and (c) the payment of related fees, costs and expenses (including, without limitation, attorney's fees).

"***UCC***" shall mean the Uniform Commercial Code, as in effect from time to time, of the State of New York or of any other state the laws of which are required as a result thereof to be applied in connection with the issue of perfection of security interests.

"***Unrestricted Cash and Permitted Investments***" of any Person, shall mean cash or Permitted Investments of such Person, (a) that are not, and are not required to be, designated as "restricted" on the financial statements of such Person, (b) that are not contractually required, and have not been contractually committed by such Person, to be used for a specific purpose, (c) that are not subject to (i) any provision of law, statute, rule or regulation, (ii) any provision of the Organizational Documents of such Person, (iii) any order of any Governmental Authority or (iv) any contractual restriction (including the terms of any Equity Interests), in each case of (i) through (iv), preventing such cash or Permitted Investments, as applicable, from being applied to the payment of the Obligations (other than with respect to any restrictions under the Intercreditor Agreement or the Revolving Loan Agreement), (d) in which no Person other than the Collateral Agent has a Lien, other than the Revolving Agent (to the extent applicable) and the depository institution or securities intermediary at where such cash or Permitted Investments are maintained (to the extent permitted under Section 6.02(xi)), and (e) that are held in a Deposit Account or Securities Account, as applicable, in which the Collateral Agent has a valid and enforceable security interest, perfected by "control" (within the meaning of the applicable Uniform Commercial Code) (or the Revolving Agent has "control" for both the Revolving Agent and the Collateral Agent pursuant to the terms of the Intercreditor Agreement); *provided* for the ninety (90) day period following the Closing Date (or such longer period as the Administrative Agent may agree in its reasonable discretion), such Unrestricted Cash and Permitted Investments shall not be required to be subject to "control" in favor of the Collateral Agent.

"***U.S. Person***" shall mean any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"***U.S. Tax Compliance Certificate***" shall have the meaning assigned to such term in Section 2.17(f)(ii)(B)(iii).

"***USA PATRIOT Act***" shall mean The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

"***Warrant Agreement***" shall mean the agreement to purchase up to a certain amount of Equity Interests of SLS Breeze Holdings, Inc., dated the date hereof, executed by SLS Breeze Holdings, Inc. in order to issue the Warrants in the form of Exhibit H.

"***Warrants***" shall mean the warrants, in the form of Exhibit I, issued by SLS Breeze Holdings, Inc. in favor of each Person that was a Lender on the Closing Date.

"***Weighted Average Life to Maturity***" shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

"***Wholly Owned Subsidiary***" of any Person shall mean a Subsidiary of such Person of which securities (except for (i) directors' qualifying shares or (ii) in the case of Foreign Subsidiaries, nominal shares required by law to be owned by a resident of the relevant jurisdiction) or other ownership interests representing 100% of the Equity Interests are, at the time any determination is being made, owned, Controlled or held by such Person or one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

"***Withdrawal Liability***" shall mean liability of any Loan Party or any ERISA Affiliate to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"***Withholding Agent***" means any Loan Party and the Administrative Agent.

"***Yield Enhancement Fee***" shall have the meaning assigned to such term in Section 2.05(a).

SECTION 1.02. ***Terms Generally***. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall"; and the words "asset" and "property" shall be construed as having the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, (a) any reference in this Agreement to any Loan Document or any other documents shall mean such document as amended, restated, supplemented or otherwise modified from time to time to the extent not prohibited or restricted hereunder and (b) all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that (x) any obligations of a Person under a lease (whether existing now or entered into in the future) that is not (or would not be) a Capital Lease Obligation under GAAP as in effect on the Closing Date shall not be treated as a Capital Lease Obligation solely as a result of the adoption of changes in GAAP and (y) if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article VI or any related definition to eliminate the effect of any change in GAAP occurring after the date of this Agreement on the operation of such covenant and the Administrative Agent consents (such consent not to be unreasonably withheld, delayed or conditioned) in writing (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article VI or any related definition for such purpose and the Borrower consents in writing (such consent not to be unreasonably withheld, delayed or conditioned)), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective and the Borrower shall provide to the Administrative Agent and the Lenders the reconciliation statements provided for in Section 5.04, until either such notice is withdrawn or such covenant is amended in a manner reasonably satisfactory to the Borrower and the Required Lenders. The term "enforceability" and its derivatives when used to describe the enforceability of an agreement shall mean that such agreement is enforceable except as enforceability may be limited by any insolvency,

bankruptcy or debtor relief law and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). Any terms used in this Agreement that are defined in the UCC shall be construed and defined as set forth in the UCC unless otherwise defined herein; provided, that to the extent that the UCC is used to define any term herein and such term is defined differently in different Articles of the UCC, the definition of such term contained in Article 9 of the UCC shall govern.

SECTION 1.03. ***Independence of Covenants.*** All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted as an exception to, or would otherwise be within the limitations of, another covenants shall not avoid the occurrence of an Event of Default or Default of such action is taken or condition exists.

SECTION 1.04. ***Deliveries***. Notwithstanding anything herein to the contrary, whenever any document, agreement or other item is required by any Loan Document to be delivered on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day.

SECTION 1.05. ***Construction***. Each of the parties hereto acknowledges that (i) it has been represented by counsel in the negotiation and documentation of the terms of this Agreement, (ii) it has had full and fair opportunity to review and revise the terms of this Agreement, (iii) this Agreement has been drafted jointly by all of the parties hereto, and (iv) no Lender has any fiduciary relationship with or duty to Holdings, the Borrower or any of its Subsidiaries arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Lenders, on the one hand, and Holdings, the Borrower and its Subsidiaries, on the other hand, in connection herewith or therewith is solely that of debtor and creditor in respect of the Indebtedness represented hereby. Accordingly, each of the parties hereto acknowledges and agrees that the terms of this Agreement shall not be construed against or in favor of another party.

SECTION 1.06. ***Certain Pro Forma Calculations***.

(a) For purposes of pro forma calculations of the Consolidated Leverage Ratio under Section 2.22 and Section 6.04(vii), Consolidated Revenue shall be calculated to give effect to any Permitted Acquisition or other Investments and Asset Sales or other dispositions permitted hereunder (other than any dispositions in the ordinary course of business), in each case, consummated at any time on or after the first day of the applicable measurement period and prior to the last day of such measurement period as if any such Permitted Acquisition or other Investments permitted hereunder, Asset Sale or other Disposition had been effected on the first day of such period.

(b) For purposes of calculations of the Consolidated Leverage Ratio under Section 6.10, Consolidated Revenue shall be calculated to give effect to any Permitted Acquisition or other Investments permitted hereunder funded (in whole or in part) with the proceeds of Incremental Loans or with respect to proceeds of cash common or preferred equity contributions to Holdings or issuance of Equity Interests by Holdings (other than Disqualified Stock) and Asset Sales or other dispositions (other than any dispositions in the ordinary course of business), in each case, consummated at any time on or after the first day of the applicable measurement period and prior to the last day of such measurement period as if such Permitted Acquisition or such other Investments permitted hereunder, Asset Sale or other Disposition had been effected on the first day of such period.

SECTION 1.07. ***Certain Increased Amounts***. Notwithstanding anything to the contrary herein, to the extent any increased amount of (i) Indebtedness is incurred in respect of the Permitted Capital Lease Amount, (ii) Investments are made in respect of the Permitted Non-Loan Party Investment Amount or (iii) Restricted Payments are made in respect of the Permitted Restricted Payment Amount, in

each case, as of a date on which the Increase Conditions are satisfied (or, in each case, pursuant to a binding commitment entered into with a Person (other than an Affiliate of a Loan Party) as of a date on which the Increase Conditions were satisfied), and after such date the Increase Conditions cease to be satisfied, such increased amount so incurred or made (or that was committed to be incurred or made) shall not constitute an Event of Default hereunder; *provided*, that, so long as such Increase Conditions are not so satisfied, no additional amounts may be incurred or made (other than those amounts that were committed to be incurred or made when the Increase Conditions were satisfied).

ARTICLE II

The Credits

SECTION 2.01. ***Commitments***. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make a Loan to the Borrower on the Closing Date in a principal amount equal to its Commitment at a purchase price of 100.0% of par. The Borrower may make only one borrowing of Loans. Amounts paid or prepaid in respect of Loans may not be reborrowed.

SECTION 2.02. ***Loans; Notice of Borrowing***.

(a) The failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender).

(b) Each Lender shall make the Loan to be made by it hereunder on the Closing Date by wire transfer of immediately available funds to such account as the Borrower may designate not later than 2:00 p.m., Pacific time.

(c) The Borrower shall give the Administrative Agent at least 1 Business Day's prior notice (unless waived by the Administrative Agent in its reasonable discretion) of its request to incur Loans hereunder, *provided* that any such notice shall be deemed to have been given on a certain day only if given before 1:00 p.m. (Pacific time) on such day. Such notice (the "***Notice of Borrowing***") shall be irrevocable and shall be in writing, or by telephone promptly confirmed in writing, in the form of Exhibit A, appropriately completed to specify: (i) the aggregate principal amount of the Loan to be incurred and (ii) the date of such borrowing (which shall be (x) a Business Day and (y) the Closing Date). The Administrative Agent shall promptly give each Lender, notice of such proposed borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(d) Without in any way limiting the obligation of the Borrower to confirm in writing any telephonic notice of any borrowing or prepayment of Loans, the Administrative Agent may act without liability upon the basis of telephonic notice of such borrowing, as the case may be, believed by the Administrative Agent in good faith to be from the Borrower, prior to receipt of written confirmation. In each such case, the Borrower hereby waives the right to dispute the Administrative Agent's record of the terms of such telephonic notice of such borrowing of Loans, as the case may be, absent manifest error.

SECTION 2.03. ***Disbursement of Funds***.

No later than 2:00 P.M. (Pacific time) on the Closing Date, each Lender will make available its pro rata portion (determined based upon its Commitment) of the borrowing requested to be made. All such amounts will be made available in Dollars and in immediately available funds at the Payment Office,

and the Administrative Agent will make available to the Borrower at the Payment Office the aggregate of the amounts so made available by the Lenders. Unless the Administrative Agent shall have been notified by any Lender prior to the Closing Date that such Lender does not intend to make available to the Administrative Agent such Lender's portion of any borrowing to be made on the Closing Date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the Closing Date and the Administrative Agent may (but shall not be obligated to), in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall promptly pay such corresponding amount to the Administrative Agent. The Administrative Agent shall be entitled to recover on demand from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Lender, the overnight Federal Funds Effective Rate for the first three days and at the interest rate otherwise applicable to such Loans for each day thereafter and (ii) if recovered from the Borrower, the rate of interest applicable to the respective borrowing, as determined pursuant to Section 2.06. Nothing in this Section 2.03 shall be deemed to relieve any Lender from its obligation to make Loans hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any failure by such Lender to make Loans hereunder. This Section 2.03 is subject to Section 2.19.

SECTION 2.04. ***Evidence of Debt; Repayment of Loans***.

(a) The Borrower hereby unconditionally promises to pay to each Lender the principal amount of each Loan of such Lender as provided in Section 2.09.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from the Loans made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The entries made in the accounts maintained pursuant to paragraph (b) above shall be *prima facie* evidence absent manifest error of the existence and amounts of the obligations therein recorded; *provided*, *however*, that the failure of any Lender to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrower to repay the Loans in accordance with their terms.

(d) The Borrower's obligation to pay the principal of, and interest on, the Loans made by each Lender shall be evidenced in the Register maintained by the Administrative Agent pursuant to Section 9.04(d) and shall, if requested by such Lender, also be evidenced by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B, with blanks appropriately completed in conformity herewith (each a "***Note***" and, collectively, the "***Notes***"). To the extent of any conflict between the Register and the entries made in the accounts maintained pursuant to paragraph (b) above, the entries made in the Register shall control.

(e) Notwithstanding anything to the contrary contained above in this Section 2.04 or elsewhere in this Agreement, Notes shall only be delivered to Lenders that at any time specifically request the delivery of such Notes. No failure of any Lender to request or obtain a Note evidencing its Loans to the Borrower shall affect or in any manner impair the obligations of the Borrower to pay the

Loans (and all related Obligations) incurred by the Borrower that would otherwise be evidenced thereby in accordance with the requirements of this Agreement, and shall not in any way affect the security or guaranties therefor provided pursuant to the Loan Documents. Any Lender that does not have a Note evidencing its outstanding Loans shall in no event be required to make the notations otherwise described in preceding clause (b). At any time when any Lender requests the delivery of a Note to evidence any of its Loans, the Borrower shall promptly execute and deliver to the respective Lender the requested Note in the appropriate amount or amounts to evidence such Loans; *provided* that, to the extent a Note was previously delivered to such Lender but such Lender has since lost or misplaced such Note or the Note cannot otherwise be found, such Lender shall execute and deliver to the Borrower a customary lost note affidavit in form and substance reasonably satisfactory to the Borrower and such Lender.

SECTION 2.05. ***Fees***.

(a) The Borrower agrees to pay to the Administrative Agent for distribution to each Lender a yield enhancement fee (the "***Yield Enhancement Fee***") on the Closing Date equal to 2.0% of the aggregate Commitments (to the extent the Loan related to such Commitments are outstanding on the Closing Date).

(b) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent or the Lenders, as applicable. Once paid, to the extent the Loans related to such Fees are actually funded in accordance with the Loan Documents, none of the Fees shall be refundable under any circumstances or subject to any right of setoff, counterclaim or any similar right (each of which is hereby waived by Holdings and the Borrower).

SECTION 2.06. ***Interest on Loans***.

(a) Subject to the provisions of Section 2.07, the Loans shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the sum of the Libor Rate plus 8.0% per annum (or, to the extent the Administrative Agent shall have delivered a LIBOR Unavailability Notice to the Borrower and the Lenders pursuant to Section 2.12(e), the Alternate Base Rate plus 7.0% per annum); *provided*, *however*, the Borrower may elect to pay, in kind, a portion of such accrued and unpaid interest (any such interest paid in kind, the "***PIK Interest***") due on any Interest Payment Date up to the maximum percentage set forth in the table below opposite the relevant period in which such Interest Payment Date occurs of the total accrued and unpaid interest payable on such Interest Payment Date; it being deemed that the Borrower has elected the maximum PIK Interest for each period during the term of this Agreement unless the Borrower shall have delivered a certificate executed by a Responsible Officer of the Borrower to the Administrative Agent certifying that the Borrower has elected to pay interest with respect to the Loans for the applicable period then ending (i) in such lesser percentage of PIK Interest and specifying the amount of such PIK Interest or (ii) in cash only. To change the type of payment of interest for any period, such officer's certificate must be delivered to the Administrative Agent at least 5 Business Days prior to the applicable Interest Payment Date for such period. The Borrower may specify in such officer's certificate whether such change in the type of payment of interest is just for a specific period or shall be applicable to all future periods during the term of the Agreement until another officer's certificate is delivered specifying a different type of payment of interest for a period or periods.

Period	*Maximum Percentage of Total Interest That May be Paid In Kind*
From and after the Closing Date to and including the second anniversary of the Closing Date	**80.0%**
After the second anniversary of the Closing Date to and including the third anniversary of the Closing Date	**70.0%**
After the third anniversary of the Closing Date	**60.0%**

All interest due and payable hereunder that the Borrower elects to pay in the form of PIK Interest shall be capitalized, added to the then-outstanding principal amount of the Loans as additional principal obligations hereunder on and as of such Interest Payment Date and shall automatically constitute a part of the outstanding principal amount of the Loans for all purposes hereof (including the accrual of interest thereon at the rates applicable to the Loans generally). Any determination of the principal amount outstanding under the Loans after giving effect to any payment of PIK Interest hereunder or otherwise that is reasonably made by the Administrative Agent or the Lenders in good faith shall be prima facie evidence of the correctness of such determination in the absence of manifest error.

(b) Interest on each Loan shall be payable on the Interest Payment Dates except as otherwise provided in this Agreement.

SECTION 2.07. ***Default Interest***. Upon the occurrence and during the continuation of any Event of Default, the outstanding principal amount of all Loans and, to the extent permitted by applicable law, any interest payments thereon not paid when due and any fees and other amounts then due and payable hereunder, shall thereafter, automatically in the case of an Event of Default under Sections 7.01(a), (g) or (h) and at the written election of the Administrative Agent (acting at the written direction of the Required Lenders) otherwise (it being understood that such election may apply retroactively to the date such other Event of Default occurred), bear interest (including post-petition interest in any proceeding under the Bankruptcy Code or other applicable bankruptcy laws) payable upon written demand at the rate otherwise applicable to a Loan pursuant to Section 2.06(a) plus 2.0% per annum. Payment or acceptance of the increased rates of interest provided for in this Section 2.07 is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent, the Collateral Agent or any Lender.

SECTION 2.08. ***Termination of Commitments***. The Commitments shall automatically terminate upon the making of the Loans on the Closing Date.

SECTION 2.09. ***Repayment of Loans***.

To the extent not previously paid, all Loans shall be due and payable on the Maturity Date (or, if such day is not a Business Day, on the next succeeding Business Day), in immediately available funds, together with accrued and unpaid interest on the principal amount to be paid to but excluding the date of payment.

SECTION 2.10. ***Optional Prepayment***.

(a) The Borrower shall have the right at any time and from time to time to prepay any of the Loans and other Obligations, in whole or in part, at 100% of the principal amount so prepaid, plus the prepayment premium (expressed as percentages of principal amount) set forth below (the "***Applicable Prepayment Premium***") determined for the prepayment date with respect to such principal amount to the applicable prepayment date (*provided*, *however*, that each partial prepayment shall be in an amount that is an integral multiple of $500,000 and not less than $1,000,000, in each case, unless the remaining outstanding amount of Loans is less than such amount):

If Prepaid:	***Percentage of the Principal***
From and after the Closing Date to but not including the second anniversary of the Closing Date	**3.0%**
From and after the second anniversary of the Closing Date to but not including the third anniversary of the Closing Date	**1.0%**
From and after the third anniversary of the Closing Date	**0%**

(b) The Borrower will give at least 3 Business Days' prior written notice of each optional prepayment under this Section 2.10 to the Administrative Agent. Each such notice shall specify the prepayment date, the aggregate principal amount of the Loans to be prepaid on such date, and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and, solely to the extent any such prepayment is made prior to the third anniversary of the Closing Date, shall be accompanied by a certificate of a Financial Officer of the Borrower as to the estimated Applicable Prepayment Premium due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Such notice shall be irrevocable and shall commit the Borrower to prepay the Loans by the amount stated therein on the date stated therein; *provided* that such notice may be contingent on the satisfaction of certain conditions set forth therein, and such notice shall be deemed revoked if the conditions set forth therein are not satisfied within the time periods set forth in such notice for the satisfaction thereof (or are waived in writing by the Borrower). All prepayments under this Section 2.10 shall be subject to Section 2.13. All prepayments under this Section 2.10 shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment, but, for the avoidance of doubt, no Applicable Prepayment Premium shall be paid or due (i) on any interest (other than, for the avoidance of doubt, PIK Interest that has been capitalized and added to principal) or amounts other than the principal amount of the Loans so prepaid or (ii) on the proceeds of a Cure Contribution or Cure Securities that are used to prepay the Loans. Each prepayment pursuant to this Section 2.10 in respect of the Loans shall be applied *pro rata* among such Loans.

SECTION 2.11. ***Mandatory Prepayments***.

(a) ***Net Asset Sale Proceeds***. Not later than the tenth Business Day following the receipt of Net Asset Sale Proceeds by the Borrower or any of its Subsidiaries, the Borrower shall either (1) apply an amount equal to 100% of the Net Asset Sale Proceeds received with respect thereto to prepay outstanding Loans in accordance with Section 2.11(e) and Section 2.11(f) or (2) so long as no Event of Default shall have occurred and be continuing, deliver to the Administrative Agent a certificate of a Responsible Officer stating that the Borrower or such Subsidiary intends to reinvest or enter into a binding commitment to reinvest such Net Asset Sale Proceeds in assets used or that are useful in the business of the Borrower and its Subsidiaries within 270 days (or, in the case of a binding commitment to reinvest entered into within 270 days, within 405 days) of such date of receipt of such Net Asset Sale Proceeds. In addition, the Borrower shall, no later than 270 days (or, in the case of a binding commitment to reinvest entered into within 270 days, 405 days) after receipt of such Net Asset Sale Proceeds that have not theretofore been applied to the Obligations or that have not been so reinvested as provided above, make an additional prepayment of the Loans in an amount equal to the full amount of all such Net Asset Sale Proceeds in accordance with Section 2.11(e) and Section 2.11(f) within ten Business Days after the last day of the 270 or 405 day period, as applicable. Notwithstanding anything to the contrary herein, with respect to the Disposition of any Revolving Loan Priority Collateral, the Borrower's obligation to prepay the Loans under this Section 2.11(a) shall be deemed satisfied to the extent that the amount that would otherwise be required to be used to prepay the Loans under this Section 2.11(a) is (y) required to be applied and is in fact applied to prepay the loans (but without requiring any permanent reduction of the commitments under the Revolving Loan Agreement) within the time period required by the terms of the Revolving Loan Agreement (including any grace period provided in connection therewith) or (z) reinvested in the business of the Borrower and its Subsidiaries pursuant to the terms of the Revolving Loan Agreement.

(b) ***Net Insurance/Condemnation Proceeds***. No later than the tenth Business Day following the date of receipt by the Borrower or any of its Subsidiaries of any Net Insurance/Condemnation Proceeds in excess of $500,000 for all Casualty Events in any fiscal year of the Borrower, the Borrower shall prepay the Loans in an aggregate amount equal to such excess; *provided*, so long as no Event of Default shall have occurred and be continuing, the Borrower shall have the option, directly or through one or more of its Subsidiaries to invest such excess amount within 270 days (or, in the case of a binding commitment to reinvest entered into within 270 days, 405 days) of receipt thereof (i) in assets used or that are useful in the business of the Borrower and its Subsidiaries or (ii) to repair, restore or replace the assets subject to the applicable Casualty Event; and *provided*, *further*, that an amount equal to any such Net Insurance/Condemnation Proceeds that have not been reinvested within 270 days (or, in the case of a binding commitment to reinvest entered into within 270 days, 405 days) of receipt thereof shall be applied by the Borrower to prepay the Loans in accordance with Section 2.11(e) and Section 2.11(f). Notwithstanding anything to the contrary herein, with respect to any Net Insurance/Condemnation Proceeds of any Revolving Loan Priority Collateral (as defined in the Intercreditor Agreement), the Borrower's obligation to prepay the Loans under this Section 2.11(b) shall be deemed satisfied to the extent that the amount that would otherwise be required to be used to prepay the Loans under this Section 2.11(b)(iii) is (y) required to be applied and is in fact applied to prepay the loans (but without requiring any permanent reduction of the commitments under the Revolving Loan Agreement) within the time period required by the terms of the Revolving Loan Agreement (including any grace period provided in connection therewith) or (z) reinvested in the business of the Borrower and its Subsidiaries pursuant to the terms of the Revolving Loan Agreement.

(c) ***Issuance of Indebtedness***. On the date of receipt of the Net Securities Proceeds from the issuance of any Indebtedness of Holdings, the Borrower or any of its Subsidiaries after the Closing Date (other than Indebtedness permitted under Section 6.01), the Borrower shall prepay the Loans in accordance with Section 2.11(e) and Section 2.11(f) in an aggregate amount equal to such Net Securities Proceeds.

(d) ***Change of Control***. Upon the occurrence of a Change of Control, the Borrower shall offer to prepay all Loans then outstanding at 100% of the principal amount, plus the prepayment premium (expressed as percentages of principal amount) set forth below (the "***Change of Control Prepayment Premium***") determined for the prepayment date with respect to such principal amount (including, for the avoidance of doubt, PIK Interest that has been capitalized and added to principal) of such Loans outstanding on the applicable prepayment date:

If Prepaid:	***Percentage***
From and after the Closing Date up to but not including the first anniversary of the Closing Date	**2.0%**
From and after the first anniversary of the Closing Date up to but not including the second anniversary of the Closing Date	**1.0%**
From and after the second anniversary of the Closing Date up to but not including the third anniversary of the Closing Date	**0.25%**
From and after the third anniversary of the Closing Date	**0%**

(e) The Borrower shall deliver to the Administrative Agent, at the time of each prepayment required under this Section 2.11 a certificate signed by a Financial Officer of the Borrower setting forth in reasonable detail the calculation of the amount of such prepayment and to the extent practicable, at least three days' prior written notice of such prepayment. Each notice of prepayment shall specify the prepayment date, the principal amount of each Loan (or portion thereof) to be prepaid, and, if applicable, the Applicable Prepayment Premium or Change of Control Prepayment Premium due in connection with such prepayment. All prepayments of Loans under this Section 2.11 shall be subject to Section 2.11(f), Section 2.11(g) and Section 2.13 and shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment. For the avoidance of doubt, no Applicable Prepayment Premium or Change of Control Prepayment Premium shall be due on interest (other than, for the avoidance of doubt, PIK Interest that has been capitalized and added to principal) or any amount other than the principal amount of the Loans so prepaid.

(f) Notwithstanding anything to the contrary herein, any Lender may elect, by notice to the Borrower, prior to any prepayment of Loans or an offer to prepay the Loans required to be made by the Borrower pursuant to paragraph (a), (b), (c) or (d), as applicable, of this Section 2.11, to decline all (but not a portion) of its *pro rata* share of such prepayment (such declined amounts, the "***Declined Proceeds***"). Any Declined Proceeds shall be offered on a *pro rata* basis to the Lenders not so declining such prepayment. To the extent such non-declining Lenders elect to decline their *pro rata* shares of such Declined Proceeds, such Declined Proceeds may be retained by the Borrower.

(g) With respect to any prepayment of Loans (including capitalized PIK Interest) required to be made by the Borrower pursuant to paragraph (d), the Borrower shall pay the Change of Control Prepayment Premium determined for the prepayment date with respect to such principal amount paid.

(h) With respect to any prepayment of Loans (including capitalized PIK Interest) required to be made by the Borrower pursuant to paragraph (c) of this Section 2.11 or Article VII (other than on account of an acceleration resulting solely from a breach of Section 6.10), the Borrower shall pay the Applicable Prepayment Premium determined for the prepayment date with respect to such principal amount paid. For the avoidance of doubt, no Applicable Prepayment Premium, Change of Control Prepayment Premium or any other prepayment premium shall be required to be paid with respect to any prepayment pursuant to paragraphs (a) or (b) of this Section 2.11.

SECTION 2.12. ***Reserve Requirements; Change in Circumstances***.

(a) Notwithstanding any other provision of this Agreement, if any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender or shall impose on such Lender any other condition affecting this Agreement or Loans made by such Lender; or

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of "Excluded Taxes" and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, upon written demand, such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender shall have reasonably determined that any Change in Law regarding capital adequacy or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section 2.12 shall be delivered to the Borrower and shall be *prima facie* evidence absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate delivered by it within 10 Business Days after its receipt of the same.

(d) Failure or delay on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital pursuant to this Section 2.12 shall not constitute a waiver of such Lender's right to demand such compensation; *provided* that the Borrower shall not be under any obligation to compensate any Lender under paragraph (a) or (b) of this Section 2.12 with respect to increased costs incurred or reductions suffered more than six months prior to the date that such Lender notifies in writing the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof). The protection of this Section 2.12(d) shall be available to each Lender and regardless of any possible contention of the invalidity or inapplicability of the Change in Law that shall have occurred or been imposed.

(e) Notwithstanding anything to the contrary, in the event that the Administrative Agent shall have reasonably determined that dollar deposits in the principal amounts of the Loan are not generally available in the London interbank market, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to the majority of Lenders of making or maintaining loans at the three-month London Interbank Offered Rate, or that reasonable means do not exist for ascertaining the Libor Rate, the Administrative Agent shall, as soon as practicable thereafter, give written or fax notice of such determination to the Borrower and the Lenders (a "***LIBOR Unavailability Notice***"). In the event of any such reasonable determination, until the Administrative Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, interest on the Loan shall accrue by reference to the Alternate Base Rate. Each determination by the Administrative Agent under this Section 2.12(e) shall be *prima facie* evidence absent manifest error.

SECTION 2.13. ***Indemnity***. Subject to the limitations set forth in Section 9.05(b) and the time period for payment set forth in Section 9.05(e), the Borrower shall indemnify each Lender against any loss or expense that such Lender may sustain or incur as a consequence of any default by the Borrower in the making of any payment or prepayment required to be made hereunder. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section 2.13 shall be delivered to the Borrower and shall be *prima facie* evidence absent manifest error.

SECTION 2.14. ***Pro Rata Treatment***. Except as otherwise provided in this Agreement the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any Obligations hereunder, the Administrative Agent shall distribute such payment to the Lenders entitled thereto (other than any Lender that has consented in writing to waive its *pro rata* share of any such payment) *pro rata* based upon their respective shares, if any, of the Obligations with respect to which such payment was received. This Section 2.14 is subject to Section 2.19.

SECTION 2.15. ***Ratable Sharing***. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower or any other Loan Party, or pursuant to a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means (but excluding any sale or participation of its Loans to a Person other than the Borrower or an Affiliate thereof, which shall be included), obtain payment (voluntary or involuntary) in respect of any principal of any Loan as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Lender, it shall (a) notify the Administrative Agent of such fact and (b) be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans of such other Lender, so that the aggregate unpaid principal amount of the Loans and participations in Loans held by each Lender shall be in the same

proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; *provided*, *however*, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.15 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower and Holdings expressly consent to the foregoing arrangements and agree that any Lender holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim or other event with respect to any and all moneys owing by the Borrower and Holdings to such Lender by reason thereof as fully as if such Lender had made a Loan directly to the Borrower in the amount of such participation.

SECTION 2.16. ***Payments***.

(a) Except with respect to any PIK Interest pursuant to Section 2.06, the Borrower shall make each payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder and under any other Loan Document not later than 11:00 a.m., Local Time, on the date when due in immediately available Dollars, without setoff, defense (other than the defense of payment) or counterclaim. Subject to Section 2.19, each such payment shall be made to the Administrative Agent for distribution to the Lenders or other appropriate Person. Each such payment that is payable to a Lender shall be paid directly to such Lender at the office identified on Schedule 2.01 for such Lender or as otherwise directed by such Lender in writing from time to time, and each such payment that is payable to the Administrative Agent or the Collateral Agent shall be paid directly to the Administrative Agent or Collateral Agent, as applicable, at their respective offices identified on Schedule 2.01 or as otherwise directed by the Administrative Agent or Collateral Agent, as applicable, in writing from time to time.

(b) Except as otherwise expressly provided herein, whenever any payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.17. ***Taxes***.

(a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Holdings and the Borrower shall, or shall cause each of the Loan Parties to, timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) The Loan Parties shall jointly and severally indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Administrative Agent has not already been indemnified by any of the Loan Parties for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(g) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e) As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.17, the Borrower shall, or shall cause such Loan Party to, deliver to the Administrative Agent or the applicable Lender, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent or the applicable Lender, as the case may be.

(f) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the applicable Withholding Agent such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17 (ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, any Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income Tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such Tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such Tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that (A) such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (B) the interest payments in question are not effectively connected with a U.S. trade or business conducted by such Foreign Lender (a "***U.S. Tax Compliance Certificate***") and (y) executed originals of IRS Form W-8BEN;

(iv) to the extent a Foreign Lender is not the beneficial owner (for example, where the Foreign Lender is a partnership), executed originals of IRS Form W-8IMY, accompanied by a Form W-8ECI, W-8BEN, U.S. Tax Compliance Certificate, Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that if one or more direct or indirect beneficial owners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender shall provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect beneficial owner; or

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the

reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

(D) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) If the Administrative Agent or any Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such Tax had never been paid.

(h) Nothing contained in this Section 2.17 shall require any Lender (or any transferee or assignee) or either Agent to make available any of its Tax Returns or any other information that it deems to be confidential or proprietary.

SECTION 2.18. ***Assignment of Loans Under Certain Circumstances; Duty to Mitigate***.

(a) Notwithstanding anything to the contrary set forth in this Agreement, in the event (i) any Lender delivers a certificate requesting compensation pursuant to Section 2.12, (ii) the Borrower is required to pay any Indemnified Taxes or any additional amount to any Lender or any Governmental Authority on account of any Lender pursuant to Section 2.17 or (iii) any Lender refuses to consent to any amendment, waiver or other modification of any Loan Document requested by the Borrower that requires the consent of a greater percentage of the Lenders than the Required Lenders and such amendment, waiver or other modification is consented to by the Required Lenders, and, in the case of clause (i) or (ii), such Lender has declined or is unable to designate a different lending office in accordance with Section 2.18(b) that would not require such compensation or requirement to pay such amounts, the Borrower, at its sole expense and effort (including with respect to the processing and recordation fee referred to in Section 9.04(b)), upon notice to such Lender and the Administrative Agent, may require such Lender to transfer and assign, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.12 or Section 2.17) and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such assigned obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that, (x) such assignment shall not conflict with any law, rule or regulation or order of any court or other Governmental Authority having jurisdiction, (y) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld or delayed, and (z) the Borrower or such assignee shall have paid to the affected Lender in immediately available funds an amount equal to the sum of the principal of and interest accrued to the date of such payment on the outstanding Loans of such Lender, plus all Fees and other amounts that have accrued and have earned for the account of such Lender hereunder with respect thereto (including any amounts under Section 2.12 and Section 2.13); *provided further* that, if prior to any such transfer and assignment the circumstances or event that resulted in such Lender's claim for compensation under Section 2.12 or the amounts paid pursuant to Section 2.17, as the case may be, cease to cause such Lender to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital or cease to result in amounts being payable under Section 2.17, as the case may be (including as a result of any action taken by such Lender pursuant to paragraph (b) of this Section 2.18), or if such Lender shall waive its right to claim further compensation under Section 2.12 in respect of such circumstances or event or shall waive its right to further payments under Section 2.17 in respect of such circumstances or event or shall consent to the proposed amendment, waiver, consent or other modification, as the case may be, then such Lender shall not thereafter be required to make any such transfer and assignment hereunder; *provided*, *however*, that any prior transfer or assignment shall still be in full force and effective. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any Assignment and Acceptance necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section 2.18.

(b) If (i) any Lender shall request compensation under Section 2.12 or (ii) the Borrower is required to pay any Indemnified Taxes or any additional amount to any Lender or any Governmental Authority on account of any Lender pursuant to Section 2.17, then such Lender shall (at the request of the Borrower) use reasonable efforts (which shall not require such Lender to incur an unreimbursed loss or unreimbursed cost or expense or otherwise take any action inconsistent with its internal policies or legal or regulatory restrictions or suffer any disadvantage or burden reasonably deemed by it to be significant) to assign (at the request of the Borrower) its rights and delegate and transfer its obligations hereunder to another of its offices, branches or affiliates, if such filing or assignment would reduce its claims for compensation under Section 2.12 or would reduce amounts payable pursuant to Section 2.17, as the case may be, in the future. The Borrower hereby agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by any Lender in connection with any such filing or assignment, delegation and transfer.

SECTION 2.19. ***Obsidian Agency Services as Administrative Agent.*** Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document, at any time that Obsidian Agency Services, Inc. serves as the Administrative Agent hereunder, (a) the Lenders shall directly fund the Loans to the Borrower, (b) each Lender shall provide wire instructions to the Borrower with respect to payments to be received from the Borrower hereunder and the Borrower shall directly make any payments required or permitted hereunder to the Lenders and (c) neither the Lenders nor the Borrower shall remit any funds to the Administrative Agent to forward to another party hereunder.

SECTION 2.20. ***Tax Treatment***.

(a) Holdings, the Borrower and each of the Lenders agree, (i) that the Loans are debt for U.S. federal income tax purposes, (ii) that the Loans are issued with original issue discount ("***OID***") solely on account of the PIK Interest and value allocated to the Warrants under Section 2.20(b), (iii) that the Loans are not governed by the rules set out in Treasury Regulations Section 1.1275-4 and (iv) not to file any Tax Return, report or declaration inconsistent with the foregoing, except as otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code (or any corresponding provision of state, local or foreign tax law).

(b) In connection with the Loans, each of the Lenders is receiving Warrants on the Closing Date. The Loans and Warrants are considered to be the issuance of an "investment unit" under Section 1273(c)(2) of the Code, and the parties agree that the aggregate fair market value of the Warrants shall be $1,060,000 for purposes of the investment unit allocation rules under Section 1273(c)(2) of the Code. The Borrower and each of the Lenders agree to report in a manner that is consistent with this allocation for all tax purposes.

(c) The inclusion of this Section 2.20 is not an admission by any Lender that it is subject to United States taxation.

SECTION 2.21. ***AHYDO***. Notwithstanding anything herein to the contrary, if (1) the Loans remain outstanding after the fifth anniversary of the initial issuance thereof and (2) the aggregate amount of the accrued but unpaid interest on the Loans (including any amounts treated as interest for U.S. federal income tax purposes, such as "original issue discount") as of any Testing Date occurring after such fifth anniversary exceeds an amount equal to the Maximum Accrual, then all such accrued but unpaid interest on the Loans (including any amounts treated as interest for U.S. federal income tax purposes, such as "original issue discount") as of such time in excess of an amount equal to the Maximum Accrual shall be paid in cash by the Borrower to the Lenders on such Testing Date, it being the intent of the parties hereto that the deductibility of interest under the Loans shall not be limited or deferred by reason of Section 163(e)(5) and Section 163(i) of the Code. For these purposes, the "Maximum Accrual" is an amount equal to the product of such Loans' issue price (as defined in Code Sections 1273(b) and 1274(a)) and their yield to maturity, and a "Testing Date" is the date on which any "accrual period" (within the meaning of Section 1272(a)(5) of the Code) closes.

SECTION 2.22. ***Incremental Facility.***

(a) From time to time after the Closing Date, but not more than three occasions during the term of the Loans, Borrower may by written notice to the Administrative Agent, elect prior to the Maturity Date, the establishment of one or more new term loan commitments (the "***Incremental Commitments***"), by (1) an amount not in excess of $25,000,000 in the aggregate and (2) and not less than $1,000,000 individually (or such lesser amount which shall either (x) be approved by the Administrative Agent (which approval shall not be unreasonably delayed, withheld or conditioned) or (y) constitute the difference between $25,000,000 and all such Incremental Commitments obtained prior to such date), and integral multiples of $1,000,000 in excess of that amount (or such lesser amount which shall either (x) be approved by the Administrative Agent (which approval shall not be unreasonably delayed, withheld or

conditioned) or (y) constitute the difference between $25,000,000 and all such Incremental Commitments obtained prior to such date). Each such notice shall specify (A) the date (each, an "***Increased Amount Date***") on which Borrower determines that the Incremental Commitments shall be effective, which shall be a date not less than ten (10) Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period as shall be reasonably acceptable to the Administrative Agent) and (B) the identity of each Lender or other Person (each of which must be an Eligible Incremental Lender) (each, an "***Incremental Lender***") to whom Borrower proposes any portion of such Incremental Commitments be allocated and the amounts of such allocations; *provided*, that each existing Lender shall first be afforded, by written notice to the Administrative Agent (which notice shall be promptly forwarded by the Administrative Agent to the applicable existing Lenders and the Administrative Agent agrees to promptly forward such notice to the Lenders prior to the Increased Amount Date, but any failure to deliver such notice shall not prevent the above-mentioned ten (10) Business Day period from running after the Administrative Agent has received such notice) , the opportunity to provide its Loan Commitment Percentage of any Incremental Commitments, as applicable; *provided*, *further*, that any Lender approached to provide all or a portion of the Incremental Commitments may elect or decline, in its sole discretion, to provide an Incremental Commitment. Each Lender may elect to provide all or a portion of its Loan Commitment Percentage of any Incremental Commitments, as applicable, by providing written notice (each, an "***Acceptance Notice***") to the Administrative Agent and the Borrower no later than 5:00 p.m. Local Time ten (10) days after the date of the Administrative Agent's receipt of notice from the Borrower. Each Acceptance Notice from a given Lender shall specify the principal amount of the Incremental Commitment to be provided by such Lender. If a Lender fails to deliver an Acceptance Notice to the Administrative Agent within the time frame specified above or such Acceptance Notice fails to specify the principal amount of the Incremental Commitments to be provided, any such failure will be deemed a rejection of the opportunity to provide any portion of the Incremental Commitment, and the Borrower may have other Persons provide the remaining uncommitted portion of the Incremental Commitments. Such Incremental Commitments shall become effective as of such Increased Amount Date; *provided* that after giving effect to the making of any Incremental Loans and the use of proceeds thereof, (I) no Default or Event of Default shall have occurred and be continuing under any of the Loan Documents; (II) each of the representations and warranties set forth in Article III shall remain true and correct in all material respects (without duplication of any materiality qualifiers contained therein); and (III) the Consolidated Leverage Ratio, calculated on a pro forma basis for the last twelve month period for which financial statements have been (or were required to be) delivered pursuant to Sections 5.04 (a) or (b) and after giving effect to any Permitted Acquisitions or Investments permitted under the Loan Documents or prepayments of the Loans, shall be no greater than 0.74:1.00. The Incremental Commitments, as applicable, shall be effected pursuant to one or more amendments (each, an "***Incremental Loan Amendment***") executed and delivered by Borrower, the Incremental Lender and the Administrative Agent and each of which shall be recorded in the Register (*provided* that the Administrative Agent agrees to execute and deliver any Incremental Loan Amendment satisfying the requirements of this Section 2.22 and otherwise in compliance with the terms of this Agreement).

(b) Any Incremental Loans made on an Increased Amount Date shall be designated a separate Tranche of Incremental Loans for all purposes of this Agreement. On any Increased Amount Date on which any Incremental Commitments are effected, subject to the satisfaction or waiver of the foregoing terms and conditions, (i) each Incremental Lender shall make a loan to Borrower (an "***Incremental Loan***") in an amount equal to its Incremental Commitment, and (ii) each Incremental Lender shall become a Lender hereunder with respect to the Incremental Commitment and the Incremental Loans made pursuant thereto.

(c) The Administrative Agent shall notify the Lenders promptly upon receipt of Borrower's notice of each Increased Amount Date and in respect thereof the Incremental Commitments and the Incremental Lenders.

(d) The terms and provisions of the Incremental Loans and Incremental Commitments shall be as agreed between Borrower and the Incremental Lenders providing such Incremental Loans and Incremental Commitments and except as otherwise permitted pursuant to this clause (e), shall be either on terms (x) substantially consistent (taken as a whole) with the Loans made on the Closing Date or (y) no more favorable (taken as a whole) to the Incremental Lenders than the terms applicable to the Loans made on the Closing Date. In any event:

(i) the Incremental Loans shall rank *pari passu* in right of payment and be equal with respect to security with the Loans made on the Closing Date;

(ii) the Weighted Average Life to Maturity of the Incremental Loans shall be no shorter than the Weighted Average Life to Maturity of the Loans made on the Closing Date (except by virtue of prepayment of such Loans prior to the time of such incurrence);

(iii) the final maturity date of the Incremental Loans shall be no earlier than the Maturity Date of the Loans made on the Closing Date;

(iv) at the option and agreement of the Borrower and the Incremental Lenders, the Incremental Loans may share ratably in right of prepayment with the Loans on the Closing Date pursuant to Sections 2.10 and 2.11 or otherwise; and

(v) the all-in yield applicable to such Incremental Loans (including interest rate margins and interest rate floors with respect to such Incremental Loans (based on the lesser of a four-year average life to maturity and the remaining life to maturity) (but only to the extent an increase in the interest floor in the Loans made on the Closing Date would cause an increase in the interest rate then in effect hereunder, and in such case, the interest rate floor (but not the interest rate margin) applicable to such Loans made on the Closing Date shall be increased to the extent of such differential above the 0.50% threshold below between interest rate floors), but excluding arrangement, structuring, underwriting, amendment or other fees paid or payable to the Administrative Agent, the Collateral Agent, the Lenders on the Closing Date or their Affiliates or that are not generally paid to all lenders of such type of indebtedness) shall not be greater than the corresponding all-in yield applicable to the Loans made on the Closing Date plus 0.50% per annum (any such amount in excess of such 0.50% threshold, the "***Excess Rate***") unless the interest rate margin with respect to the Loans made on the Closing Date are increased by an amount equal to the Excess Rate.

(e) Each Incremental Loan Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Credit Documents as may be necessary or appropriate, in the reasonable and mutual opinion of the Agents and Borrower to effect the provision of this Section 2.22, and for the avoidance of doubt, this Section 2.22 shall supersede any provisions in Sections 2.14 or 9.08 to the contrary.

(f) The Loans and Commitments extended or established pursuant to this Section 2.22 shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Credit Documents, and shall, without limiting the foregoing, benefit equally and ratably from the guarantees and security interests created by the Security Documents. The Loan Parties shall take any actions reasonably required by the Administrative Agent to ensure or demonstrate that the

Lien and security interests granted in the Collateral by the Security Documents continue to be perfected under the Uniform Commercial Code or otherwise after giving effect to the extension or establishment of any such Loans or any such Commitments.

ARTICLE III

Representations and Warranties

In order to induce the Lenders to enter into this Agreement and to make the Loans, each of Holdings and the Borrower represents and warrants to the Administrative Agent, the Collateral Agent and each of the Lenders on the Closing Date that:

SECTION 3.01. ***Organization; Powers***. Each of the Loan Parties and their respective Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents to which it is or will be a party and, in the case of the Borrower, to borrow Loans hereunder.

SECTION 3.02. ***Authorization***. The entering into the Loan Documents to which the Loan Parties are parties thereto (a) have been duly authorized by all requisite corporate or other entity and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) any provision of the certificate or articles of incorporation or other Organizational Documents or bylaws of Holdings, the Borrower or any Subsidiary, (C) any order of any Governmental Authority, except as would not reasonably be expected to have a Material Adverse Effect, or (D) any provision of any Contractual Obligation to which Holdings, the Borrower or any Subsidiary is a party or by which any of them or any of their property is or may be bound, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any Contractual Obligation relating to Material Indebtedness to which Holdings, the Borrower or any Subsidiary is a borrower or guarantor party thereunder or by which any of them or any of their property is or may be bound as a borrower or guarantor thereunder, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by Holdings, the Borrower or any Subsidiary (other than any Lien created hereunder or under the Security Documents, or to the extent in existence at such time, under the Revolving Loan Documents).

SECTION 3.03. ***Enforceability***. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document when executed and delivered by each Loan Party party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.04. ***Governmental Approvals; Third Party Approvals***. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority or any other Person is or will be required in connection with entering into the Loan Documents to which the Loan Parties are parties thereto, except for (a) the filing of UCC financing statements and filings with the

United States Patent and Trademark Office and the United States Copyright Office, (b) recordation of the Mortgages, (c) such as have been made or obtained and are in full force and effect, and (d) those the failure of which to obtain or make could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.05. ***Financial Statements***.

(a) The Borrower has heretofore furnished to the Administrative Agent (i) audited consolidated or combined, as applicable, balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for the fiscal year ended December 31, 2012, audited by and accompanied by the opinion of Moss Adams LLP, independent public accountants, (ii) unaudited consolidated or combined, as applicable, balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for each fiscal quarter after December 31, 2012 and ended 46 days before the Closing Date and (iii) unaudited consolidated or combined, as applicable, balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for each fiscal month after December 31, 2012 and ended 31 days before the Closing Date and, in each case, certified by a Financial Officer of the Borrower. Such financial statements present fairly, in all material respects, the financial condition and results of operations and cash flows of the Borrower and its Subsidiaries as of such dates and for such periods. Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the dates thereof required to be disclosed pursuant to GAAP. Such financial statements were prepared in accordance with GAAP (except (A) in the case of unaudited financial statements, for the lack of footnotes and being subject to year–end or quarter-end audit adjustments, as applicable, and (B) in respect of any monthly financial statements).

(b) The consolidated forecasted balance sheet and related statements of income and cash flows of the Borrower and its Subsidiaries have been delivered to the Administrative Agent on or prior to the Closing Date and (a) have been prepared on good faith estimates and assumptions believed by the Loan Parties to be reasonable as of the date of such projections and as of the Closing Date, and (b) present fairly, in all material respects, the consolidated financial position and results of operations of the Borrower and its Subsidiaries described therein as of such date and for such periods set forth therein, on a pro forma basis assuming that the Transactions contemplated hereby had occurred at such dates (it being understood and agreed that (x) any financial or business projections or forecasts furnished are subject to significant uncertainties and contingencies, which may be beyond the control of any Loan Party, (y) no assurance is given by any Loan Party that the results or forecast in any such projections will be realized and (z) the actual results may differ from the forecast results set forth in such projections and such differences may be material).

SECTION 3.06. ***Title to Properties; Possession Under Leases***.

(a) Each of the Loan Parties and their respective Subsidiaries has good and marketable title to, or valid leasehold interests in, substantially all its properties and assets, except for minor defects in title that do not interfere in any material respects with its ability to conduct its business as currently conducted or except as would not reasonably be expected to have a Material Adverse Effect. All such properties and assets are free and clear of Liens, other than Liens expressly permitted by Section 6.02.

(b) Each of the Loan Parties and their respective Subsidiaries has complied with its obligations under all leases (with respect to properties that are material to the business of the Loan Parties and their respective Subsidiaries taken as a whole) to which it is a party and all such leases are in full force and effect, in each case, except where the failure to comply or to be in full force or effect would not reasonably be expected to have a Material Adverse Effect. Each of the Loan Parties and their respective Subsidiaries enjoys peaceful and undisturbed possession under all such leases, except for Liens permitted by Section 6.02.

SECTION 3.07. ***Subsidiaries; Ownership Interests***.

(a) Schedule 3.07(a) sets forth as of the Closing Date a list of all Subsidiaries of Holdings and the percentage ownership interest of Holdings, the Borrower and its Subsidiaries in such Subsidiaries of Holdings. As of the Closing Date, the shares of capital stock or other ownership interests so indicated on Schedule 3.07(a) are fully paid and non-assessable and are owned by Holdings, the Borrower or such Subsidiary, directly or indirectly, free and clear of all Liens (other than Liens created under the Security Documents and non-consensual Liens permitted by Section 6.02(iv)). All outstanding Equity Interests of each of Borrower and its Subsidiaries, as of the Closing Date, are duly and validly issued. All of the issued and outstanding Equity Interests of the Borrower are legally and beneficially owned and Controlled directly by Holdings

(b) Except as set forth in Schedule 3.07(c), the Borrower does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreement of any character calling for the purchase or issuance of any Equity Interests of the Borrower or any securities representing the right to purchase or otherwise receive any Equity Interests of the Borrower.

(c) The capitalization table attached as Exhibit F to this Agreement accurately reflects the ownership interests of SLS Breeze Holdings, Inc. (on a fully diluted basis) both immediately prior to and immediately following the Closing Date.

(d) In connection with the Acquisition, Holdings has received the cash equity contribution (inclusive of rollover equity) in an aggregate amount of not less than $190,000,000, directly or indirectly, from the Permitted Holders and the other co-investors in SLS Breeze Holdings, Inc.

SECTION 3.08. ***Litigation; Compliance with Laws***.

(a) Except as set forth on Schedule 3.08, there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of Holdings or the Borrower, threatened in writing (including by email or other electronic means) against or affecting any of the Loan Parties or their respective Subsidiaries or any business, property or rights of any such Person that could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect

(b) None of the Loan Parties or their respective Subsidiaries or any of their respective material properties or assets is in violation of, nor will the continued operation of their material properties and assets as currently conducted violate, any law, rule or regulation (including any zoning, building, Environmental Law, ordinance, code or approval or any building permits) or any restrictions of record or agreements affecting any Mortgaged Property, or is in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, where such violation or default could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.09. ***Agreements***. None of the Loan Parties or their respective Subsidiaries is in any material respect in default under or in violation of the performance of any of its obligations under any of its Organizational Documents.

SECTION 3.10. ***Federal Reserve Regulations***.

(a) None of the Loan Parties or their respective Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation T, Regulation U or Regulation X.

SECTION 3.11. ***Government Regulation***. None of the Loan Parties is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940. None of the Loan Parties is subject to regulation under the Federal Power Act, the Interstate Commerce Act, the ICC Termination Act, as amended, or under any other federal or state statute or regulation that may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable.

SECTION 3.12. ***Use of Proceeds***. The Borrower will use the proceeds of the Loans only for the purposes specified in Section 5.08.

SECTION 3.13. ***Tax Returns***. Each of the Loan Parties and their respective Subsidiaries has filed or caused to be filed all federal and material state, local and foreign Tax Returns required to have been filed by it and has paid or caused to be paid all Taxes due and payable by it, except Taxes that are being contested in good faith by appropriate proceedings and for which the applicable Loan Party or Subsidiary shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP. Except as would not reasonably be expected to have a Material Adverse Effect, no written claim has been asserted, with respect to any Taxes (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and for which the applicable Loan Party or Subsidiary shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP). From the date of the Borrower's formation until the date of termination of the Borrower's "S Corporation" status resulting from the Acquisition (the "Termination Date"), Borrower has qualified as an "S Corporation" within the meaning of Section 1361 of the Code and, unless otherwise required by applicable law, under all state and local jurisdictions in which it is subject to income Tax (or franchise Tax in the nature of an income Tax). Each Subsidiary (if any) of the Borrower, from the date of its formation until the Termination Date, has either qualified as a "qualified subchapter S subsidiary" within the meaning of 1361(a)(3) of the Code or a "disregarded entity" within the meaning of Treasury Regulation Section 301.7701-2. Unless otherwise required by applicable law, the tax classification of the Borrower and each Subsidiary (if any) of the Borrower under all state and local jurisdictions have been at all times the same as their federal classification.

SECTION 3.14. ***No Material Misstatements***. The information that the Loan Parties have provided, directly or indirectly, in writing, taken as a whole, to the Administrative Agent is not materially misleading and does not contain any material misstatement of fact or omit to state any material fact that is necessary to make the statements therein, in the light of the circumstances under which they were, not materially misleading as of the date such information is dated or certified.

SECTION 3.15. ***Employee Benefit Plans***.

(a) Except as would not reasonably be expected to result in a Material Adverse Effect, each Employee Benefit Plan of the Borrower and its ERISA Affiliates is in compliance with its terms and the applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect. As of the Closing Date, none of the Borrower or any ERISA Affiliate contributes to, participates in or in any way, directly or indirectly, has any liability with respect to any plan subject to Section 412 of the Code, Section 302 of ERISA or Title IV of ERISA, including, without limitation, any "multiemployer plan" (within the meaning of Sections 3(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code) or any "single-employer plan" (within the meaning of Section 4001(a)(15) of ERISA) which is subject to Sections 4063, 4064 or 4069 of ERISA. There are no pending or threatened in writing (including by email or other electronic means) claims, sanctions, actions or lawsuits, asserted or instituted against any Employee Benefit Plan or any Person as fiduciary or sponsor of any such Employee Benefit Plan which could reasonably be expected to result in a Material Adverse Effect. Except as would not result in a Material Adverse Effect, none of the Borrower or any ERISA Affiliate has or could have any liability, whether for contributions, funding, benefits or otherwise, with respect to any Foreign Plan.

SECTION 3.16. ***Environmental Matters***. None of the Loan Parties or their respective Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, except to the extent such failure could not reasonably be expected to result in a Material Adverse Effect, (ii) has become subject to any Environmental Liability that could reasonably be expected to result in a Material Adverse Effect, (iii) has received notice of any written claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability, that could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.17. ***Insurance***. Schedule 3.17 sets forth a true, complete and correct description of all material insurance maintained by the Loan Parties and their respective Subsidiaries as of the Closing Date. As of such date, such insurance is in full force and effect and all premiums have been duly paid. The Loan Parties and their respective Subsidiaries have insurance in such amounts and covering such risks and liabilities as are customary for companies of a similar size engaged in similar businesses in similar locations.

SECTION 3.18. ***Security Documents***.

(a) The Guarantee and Collateral Agreement, upon execution and delivery thereof by the parties thereto, will create in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral (as defined in the Guarantee and Collateral Agreement) and the proceeds thereof except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law) and except with respect to any additional actions and documents that need to be entered into that are required under foreign law (with respect to any Equity Interests of a Foreign Subsidiary or assets or property located in a foreign jurisdiction) to create a legal, valid and enforceable security interest and (i) when the original Pledged Collateral (as defined in the Guarantee and Collateral Agreement), along with any necessary transfer documents or instruments, is delivered to the Collateral Agent, the Lien created under the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Pledged Collateral, in each case prior and superior in right to any other Person (in each case, other than (y) Liens granted under the Revolving Loan Documents to the extent the Intercreditor Agreement provides such Liens prior or superior priority in right and (z) non-consensual Liens permitted under Section 6.02(iv)), and (ii) (A) for Collateral with respect to which a security interest may be perfected only by possession or control, upon the taking of possession or control by the Collateral Agent of such Collateral, (B) when financing

statements in appropriate form are filed in the offices specified on Schedule 3.18(a), (C) the actions described in clause (i) above with respect to Pledged Collateral and (D) upon taking (1) any other perfection action as may be required under the UCC or any other applicable law and (2) any other action (including creation action) as may be required under foreign law, the Lien on the Collateral created under the Guarantee and Collateral Agreement will constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral (other than federally registered copyrights) in which a security interest may be perfected pursuant to Article 9 of the UCC, in each case prior and superior in right to any other Person, other than with respect to Liens permitted by Section 6.02.

(b) Upon the recordation of the fully-executed Guarantee and Collateral Agreement (or a short-form security agreement in form and substance reasonably satisfactory to the Borrower and the Collateral Agent) with the United States Copyright Office, the Lien created under the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the federally registered Copyrights (as defined in the Guarantee and Collateral Agreement) in which a security interest may be perfected by filing in the United States, in each case prior and superior in right to any other Person, other than with respect to Liens permitted by Section 6.02 (it being understood that subsequent recordings in the United States Copyright Office may be necessary to perfect a Lien on registered copyrights acquired by the Loan Parties after the date hereof).

SECTION 3.19. ***Location of Real Property and Leased Premises***.

(a) Schedule 3.19(a) lists completely and correctly as of the Closing Date all real property owned by each Loan Party and their respective Subsidiaries and the addresses thereof. As of the Closing Date, the Loan Parties and their Subsidiaries own in fee all the real property set forth on Schedule 3.19(a).

(b) Schedule 3.19(b) lists completely and correctly as of the Closing Date all real property leased by each Loan Party and their respective Subsidiaries and the addresses thereof. As of the Closing Date, the Borrower and the Subsidiaries have a valid leasehold interest in all the real property set forth on Schedule 3.19(b) that is material to the ordinary conduct of its business, except where failure to have such a valid leasehold interest could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.20. ***Labor Matters***. As of the Closing Date, there are no strikes, lockouts or slowdowns against any of the Loan Parties pending or, to the knowledge of Holdings or the Borrower, threatened (in writing (including by email or other electronic means)). The hours worked by and payments made to employees of the Loan Parties or their Subsidiaries have not been in material violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from any of the Loan Parties or their Subsidiaries, or for which any claim has been made against any of the Loan Parties or their Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Loan Parties or their Subsidiaries. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any of the Loan Parties or their Subsidiaries is bound.

SECTION 3.21. ***Solvency***. Immediately after the consummation of the Transactions to occur on the Closing Date and immediately following the making of the Loans and the Revolving Loans and immediately after giving effect to the application of the proceeds of the Loans and the Revolving Loans used on the Closing Date, (a) the fair value of the assets (measured on a going concern basis) of the Loan Parties and their respective Subsidiaries on a consolidated basis, at a fair valuation, will exceed their debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property (measured on a going concern basis) of the Loan Parties and their respective Subsidiaries on a

consolidated basis will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Loan Parties and their respective Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Loan Parties and their respective Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the Closing Date. Such foregoing determination has been made by the chief executive officer, chief financial officer or other Financial Officer, if any, of the Borrower and is based on such officer's actual knowledge and such officer has not conveyed any information to the contrary to any other Person at any time on the date that this representation and warranty is being made or deemed made.

SECTION 3.22. ***No Material Adverse Effect***. Since December 31, 2012, there has been no development or event, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect.

SECTION 3.23. ***Sanctioned Persons***. None of the Loan Parties or their respective Subsidiaries nor, to the knowledge of Holdings or the Borrower, any director, officer, agent, employee or Affiliate of any of the Loan Parties or any of their respective Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("***OFAC***"); the Borrower will not directly or indirectly use the proceeds of the Loans or otherwise make available such proceeds to any Person, for the purpose of financing the activities of any Person currently subject to any U.S. sanctions administered by OFAC.

SECTION 3.24. ***Financial Advisors***. Except as set forth in Schedule 3.24, no agent, broker, investment banker, finder, financial advisor or other Person is or will be entitled to any broker's or finder's fee or any other commission or similar fee from any Loan Party or any of the Loan Parties' Subsidiaries with respect to this Agreement or any of the other Loan Documents or any of the Transactions occurring on the Closing Date, and the Borrower hereby indemnifies (subject to the same carve-outs that are in Section 9.05) the Lenders and the Administrative Agent against, and agrees that it will hold the Lenders and the Administrative Agent harmless from, any claim, demand or liability for any such broker's or finder's fees alleged to have been incurred in connection herewith or therewith and any expenses (including reasonable and documented out-of-pocket fees, expenses and disbursements of counsel) arising in connection with any such claim, demand or liability, in each case, in accordance with Section 9.05.

SECTION 3.25. ***Foreign Assets Control Regulations, Etc***.

(a) Neither the borrowing of the Loans by the Borrower hereunder nor its use of the proceeds thereof will violate (i) the United States Trading with the Enemy Act, as amended, (ii) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto, (iii) Executive Order No. 13,224, 66 Fed Reg 49,079 (2001), issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) (the "***Terrorism Order***") or (iv) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, Public Law 107-56 (October 26, 2001). No part of the proceeds from the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(b) No Loan Party and no Subsidiary of a Loan Party (i) is or will become a "blocked person" as described in Section 1.01 of the Terrorism Order or (ii) to its actual knowledge engages or will engage in any dealings or transactions, or is otherwise associated, with any such blocked person.

(c) Each of the Loan Parties and its Affiliates are in compliance, in all material respects, with the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, Public Law 107-56 (October 26, 2001).

SECTION 3.26. ***Deposit Accounts; Securities Accounts***. Set forth on Schedule 3.26 is a listing of all of the Loan Parties' Deposit Accounts and Securities Accounts as of the Closing Date including, with respect to each bank or securities intermediary (a) the name and address of such Person, (b) the account numbers of the Deposit Accounts or Securities Accounts maintained with such Person, and (c) the relevant Loan Party or Loan Parties.

SECTION 3.27. ***Indebtedness***. No Loan Party or Subsidiary of any Loan Party has any liability for any Indebtedness other than the Indebtedness permitted under Section 6.01.

SECTION 3.28. ***Intellectual Property; Copyright Matters***.

(a) Except as set forth on Schedule 3.28(a) or as thereafter otherwise disclosed in writing to the Administrative Agent by the Borrower as required by Section 5.04(d), no Loan Party and no Subsidiary of any Loan Party owns any registered patents, patent applications, registered trademarks, trademark applications, registered trade names, registered service marks, service mark applications, registered copyrights or copyright applications. Each Loan Party and each of the Loan Parties' respective Subsidiaries owns directly, or is entitled to use by license (listed on Schedule 3.28(a)) or otherwise, all Intellectual Property material to the conduct of such Loan Party's businesses. All items listed on Schedule 3.28(a) and the further items disclosed pursuant to Section 5.04(d) are and, at all times (except to the extent no longer deemed material to the conduct of the business of the Loan Parties and the Loan Parties' Subsidiaries in the good faith business judgment of the Loan Parties) will be: (a) subsisting and have not been adjudged invalid or unenforceable, in whole or part; (b) to the extent that can be reasonably anticipated, valid, in full force and effect and not in known conflict with the rights of any Person, in each case and (c) free and clear of all Liens, security interests, or other encumbrances other than Liens permitted by Section 6.02. Each Loan Party and each of the Loan Parties' Subsidiaries has made all filings and recordings such Loan Party or Subsidiary deems necessary in the exercise of reasonable and prudent business judgment to protect its interest in the Intellectual Property of such Loan Party or Subsidiary material to the conduct of such Loan Party's businesses in the United States Patent and Trademark Office, and the United States Copyright Office, as appropriate. Except for not making filings or recordings in its exercise of such judgment, each Loan Party and each of the Loan Parties' Subsidiaries has performed all material acts and has paid all material required fees and taxes to maintain each and every item of the Intellectual Property of such Loan Party or Subsidiary in full force and effect, except such items of Intellectual Property as are no longer deemed material to the conduct of the businesses of the Loan Parties and the Loan Parties' Subsidiaries in the reasonable business judgment of the Loan Parties. There are no pending or, to the knowledge of the Loan Parties, threatened in writing (including by email or other electronic means) applications, proceedings or litigation, which, if successful, could reasonably be expected to materially and adversely affect any Intellectual Property of any Loan Party or any of its Subsidiaries material to the conduct of such Loan Party's or such Subsidiaries' businesses, and, to the knowledge of the Loan Parties, no Person is infringing, misusing, violating or breaching such Intellectual Property in any material respect. Neither any Loan Party nor any of its Subsidiaries has received written notice of any claim of infringement, misuse, violation or breach by such Loan Party or any of its Subsidiaries of any Intellectual Property owned or controlled by another Person which infringement, misuse, violation or breach could reasonably be expected to result in,

individually or in the aggregate, a Material Adverse Effect. To the actual knowledge of Holdings and the Borrower, no Loan Party and no Subsidiary of any Loan Party is in breach of or default under the provisions of any of the foregoing, nor is there any event, fact, condition or circumstance which, with notice or passage of time or both, would constitute, or result in a conflict, breach, default or event of default under, any of the foregoing that reasonably could be expected to result in, either individually or in the aggregate, a Material Adverse Effect.

SECTION 3.29. ***Activities of Holdings***. Holdings is not engaged in any activities other than those activities permitted by Section 6.13.

ARTICLE IV

Conditions of Lending

SECTION 4.01. ***Conditions Precedent to Closing***.

The obligations of the Lenders to make Loans hereunder are subject to the satisfaction or waiver of the following conditions on the Closing Date:

(a) ***Loan Party Documents***. The Administrative Agent shall have received the following from or with respect to each Loan Party:

(i) A copy of the certificate or articles of incorporation or organization, including all amendments thereto, certified as of a recent date by either the Secretary of State of the state of its organization or such Governmental Authority, and, to the extent readily available with respect to franchise Taxes, a certificate certifying that such Loan Party has paid all franchise Taxes due and payable on or prior to the date of such certificate and such Loan Party is duly organized and in good standing under the laws of such jurisdiction;

(ii) A certificate of the Secretary, Assistant Secretary or other Responsible Officer of each Loan Party dated the Closing Date and certifying (A) that attached thereto are true and complete copies of the Organizational Documents of such Loan Party as in effect on the Closing Date and at all times since a date on or prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Governing Body of such Loan Party authorizing the execution, delivery and performance of the Loan Documents and, in the case of the Borrower, the borrowing of the Loans hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the charter or articles or certificate of incorporation or organization of such Loan Party have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Documents or any other document delivered in connection herewith on behalf of such Loan Party;

(iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above;

(iv) executed originals (or photocopies with originals to follow after the Closing Date) of the Loan Documents to which such Person is a party;

(v) an executed original (or photocopies with originals to follow after the Closing Date) of the Intercreditor Agreement;

(vi) executed copies of the Acquisition Agreement and any exhibits, schedules and documents related thereto; and

(vii) executed copies of all Related Documents as in effect on the Closing Date, in each case in form and substance reasonably satisfactory to the Administrative Agent.

(b) ***Fees***. The Administrative Agent and the Lenders shall have received all Fees and other amounts due and payable on or prior to the Closing Date that are required to be paid under the Loan Documents, including, to the extent invoiced, reimbursement or payment of all reasonable and documented out of pocket expenses required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document.

(c) ***Intentionally Omitted***.

(d) ***Representations and Warranties; Performance of Agreements***. (i) The representations and warranties in Article III shall be true and correct in all material respects on and as of the Closing Date to the same extent as though made on and as of that date (or, to the extent such representations and warranties specifically relate to an earlier date, that such representations and warranties were true and correct in all material respects on and as of such earlier date), (ii) the Borrower shall have performed in all material respects all agreements and satisfied all conditions which this Agreement provides shall be performed or satisfied by it on or before the Closing Date except as otherwise disclosed to and agreed to in writing by the Administrative Agent, and (iii) the Borrower shall have delivered to the Administrative Agent an officer's certificate, in form and substance reasonably satisfactory to the Administrative Agent, certifying as to the accuracy of each of clause (i) and clause (ii); *provided* that, if a representation and warranty, covenant or condition is qualified as to materiality, the applicable materiality qualifier set forth above shall be disregarded with respect to such representation and warranty, covenant or condition for purposes of this condition.

(e) ***Financial Statements***. The Administrative Agent shall have received the financial statements and audit opinion referred to in Section 3.05(a).

(f) ***Intentionally Omitted.***

(g) ***Solvency Certificate***. The Administrative Agent shall have received a solvency certificate from a Financial Officer of Holdings or the Borrower, substantially in the form of Exhibit G hereto.

(h) ***Opinions of Counsel to the Loan Parties***. The Administrative Agent shall have received, on behalf of itself, the Collateral Agent and the Lenders, a favorable written opinion of Kirkland & Ellis LLP, counsel for the Loan Parties (A) dated the Closing Date, (B) addressed to the Administrative Agent, the Collateral Agent and the Lenders, and (C) covering such other matters relating to the Loan Documents as the Administrative Agent shall reasonably request and that are customary to cover in transactions of this type, and the Borrower hereby requests such counsel to deliver such opinions.

(i) ***Evidence of Insurance***. The Administrative Agent shall have received a copy of, or a certificate as to coverage under, the insurance policies required by Section 5.02.

(j) ***Necessary Governmental Authorizations and Consents; Expiration of Waiting Periods, etc***. All requisite Governmental Authorities and other material third parties shall have approved or consented to the Transactions to the extent required, all applicable appeal periods shall have expired and there shall not be any pending or threatened litigation, governmental, administrative or judicial action, actual or threatened, that could reasonably be expected to restrain, prevent or impose materially burdensome conditions on the Transactions.

(k) ***Intentionally Omitted.***

(l) ***Security Interests***.

(i) The Guarantee and Collateral Agreement shall have been duly executed by each Loan Party that is to be a party thereto and shall be in full force and effect on the Closing Date. The Collateral Agent on behalf of the Secured Parties shall have been granted a security interest in the Collateral of the type and priority described herein and in the Guarantee and Collateral Agreement to the extent required thereby.

(ii) The Collateral Agent shall have received a Perfection Certificate with respect to the Loan Parties dated the Closing Date and duly executed by a Responsible Officer of the Borrower, and shall have received the results of a search of the UCC filings (or equivalent filings) made with respect to the Loan Parties in the states (or other jurisdictions) of formation of such Persons as reasonably required by the Collateral Agent, together with copies of the financing statements (or similar documents) disclosed by such search, and accompanied by evidence reasonably satisfactory to the Collateral Agent that the Liens indicated in any such financing statement (or similar document) would be permitted under Section 6.02 or have been or will be contemporaneously released or terminated on the Closing Date. Such search results shall include copyright, patent and trademark searches, and copyright, patent and trademark filings or recordations, necessary in the Collateral Agent's reasonable determination to perfect the Collateral Agent's security interest in the Collateral as of the Closing Date to the extent such perfection can be obtained by (a) the filing of a financing statement (or similar document), (b) any copyright filing or recordation with the United States Copyright Office and (c) or any patent or trademark filing or recordation with the United States Patent and Trademark Office.

(iii) The Collateral Agent shall have received all certificates, agreements or instruments representing or evidencing the Pledged Collateral (as defined in the Guarantee and Collateral Agreement), accompanied by instruments of transfer and stock powers undated and endorsed in blank, in each case, that are required pursuant to the Guarantee and Collateral Agreement to have been delivered to the Collateral Agent on the Closing Date.

(m) ***Existing Debt***. The Borrower shall have (i) consummated the Existing Debt Refinancing; (ii) delivered to the Administrative Agent a "pay-off" letter in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent with respect to all Indebtedness being refinanced in the Existing Debt Refinancing, (iii) delivered to the Administrative Agent all documents or instruments necessary to release all Liens securing the Indebtedness being repaid in connection with the Existing Debt Refinancing, and (iv) made arrangements reasonably satisfactory to the Administrative Agent and Collateral Agent with respect to the cancellation or cash collateralization or backstopping of any letters of credit outstanding in connection with the Existing Debt Refinancing or the issuance of letters of credit to support the obligations of Holdings and its Subsidiaries with respect thereto.

(n) The Administrative Agent shall have received a customary closing certificate, dated the Closing Date and signed by a Financial Officer of the Borrower, in form and substance reasonably satisfactory to the Administrative Agent.

(o) ***Other Legal Matters***.

(i) All corporate and other proceedings in connection with the Transactions contemplated by this Agreement and the other Loan Documents and all other agreements, documents and instruments incident to such Transactions shall be reasonably satisfactory to the Administrative Agent, and the Administrative Agent shall have received all such certified or other copies of such documents as the Administrative Agent may reasonably request.

(ii) The Administrative Agent and the Lenders shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act to the extent such documentation and other information has been requested in writing at least five (5) Business Days before the Closing Date.

(iii) All legal matters incident to this Agreement, the Loans hereunder and the other Loan Documents shall be reasonably satisfactory to the Administrative Agent.

(p) ***Funds Flow Memorandum***. The Administrative Agent and the Borrower shall have agreed upon a funds flow memorandum duly executed by a Responsible Officer of the Borrower.

(q) ***Material Adverse Effect***. Since December 31, 2012, there shall have occurred no Material Adverse Effect.

(r) ***Due Diligence.*** The Administrative Agent shall have completed a due diligence investigation of the Loan Parties in scope, and with results, reasonably satisfactory to the Administrative Agent, including without limitation, as to general affairs, environmental concerns, intellectual property, management, corporate structure, capital structure, other debt instruments, material contracts, governing documents, prospects, financial position, stockholders' equity and results of operations, and the tax, accounting, legal, regulatory, environmental and other issues relevant to the Loan Parties, and shall have been given access during normal business hours and with reasonable advance written notice to the external independent auditors, management, records, books of account, contracts and properties of the Loan Parties and shall have received such financial, business and other information regarding the Loan Parties as it shall have requested.

(s) ***No Injunction***. No injunction or other restraining order shall have been issued and no hearing to cause an injunction or other restraining order to be issued shall be pending or noticed with respect to any action, suit or proceeding seeking to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief as a result of, the Transactions or the making of Loans hereunder.

(t) ***Notice of Borrowing***. Prior to the making of the Loans, the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 2.02(c).

(u) ***Ownership of Intellectual Property***. Except as otherwise mutually and reasonably agreed by the Administrative Agent and the Borrower, substantially all of the Intellectual Property that is material to the business of the Borrower shall be owned by the Loan Parties and their Subsidiaries.

In determining the satisfaction of the conditions specified in this Section 4.01, (y) to the extent any item is required to be satisfactory to any Lender, such item shall be deemed satisfactory to each Lender which has not notified the Administrative Agent in writing prior to the occurrence of the Closing Date that the respective item or matter does not meet its satisfaction and (z) in determining whether any Lender is aware of any fact, condition or event that has occurred and which would reasonably be expected

to have a Material Adverse Effect, each Lender which has not notified the Administrative Agent in writing prior to the occurrence of the Closing Date of such fact, condition or event shall be deemed not to be aware of any such fact, condition or event on the Closing Date. Upon the Administrative Agent's good faith determination that the conditions specified in this Section 4.01 have been met (after giving effect to the preceding sentence), then the Closing Date shall have been deemed to have occurred, regardless of any subsequent determination that one or more of the conditions thereto had not been met. The conditions shall be deemed to have been satisfied on the date the Lenders provide the Loans.

SECTION 4.02. ***Post Closing Obligations***. As an accommodation to the Borrower, the Administrative Agent and the Lenders have agreed to execute this Agreement and to make Loans on the Closing Date notwithstanding the failure by the Borrower to satisfy the conditions set forth below on or before the Closing Date. In consideration of such accommodation, the Lenders agree that, in addition to all other terms, conditions and provisions set forth in this Agreement and the other Loan Documents, including those conditions set forth in Section 4.01, Holdings and the Borrower shall, and shall cause each other Loan Party to, satisfy each of the conditions subsequent set forth below on or before the date applicable thereto (or such later date as agreed to by the Administrative Agent in its reasonable discretion), it being understood that (i) the failure by Holdings or the Borrower to perform or cause to be performed any such condition subsequent on or before the date applicable thereto shall constitute an immediate Event of Default and (ii) to the extent that the existence of any such condition subsequent would otherwise cause any representation, warranty or covenant in this Agreement or any other Loan Document to be breached, the Required Lenders hereby waive such breach for the period from the Closing Date until the date on which such condition subsequent is required to be fulfilled pursuant to this Section 4.02:

(i) Deliver to the Administrative Agent lender's loss payable and additional insured endorsements in respect of the insurance policies required by Section 5.02 in form and substance reasonably satisfactory to the Administrative Agent no later than ninety (90) days after the Closing Date (or such later date as the Administrative Agent may agree to in its sole and reasonable discretion).

(ii) Deliver to the Administrative Agent Control Agreements with financial institutions, securities intermediaries and other Persons in order to perfect Liens by "control" (within the meaning of the applicable Uniform Commercial Code) in respect of Deposit Accounts, Securities Accounts and other Collateral pursuant to the Security Documents in form and substance reasonably satisfactory to the Administrative Agent no later than ninety (90) days after the Closing Date (or such later date as the Administrative Agent may agree to in its sole and reasonable discretion).

(iii) Use commercially reasonable efforts to deliver to the Administrative Agent a collateral access agreement in form and substance reasonably satisfactory to the Administrative Agent in respect of each data center facility or other location at which any server owned or leased by the Borrower or any other Loan Party is maintained no later than ninety (90) days after the Closing Date (or such later date as the Administrative Agent may agree to in its sole and reasonable discretion).

ARTICLE V

Affirmative Covenants

Each of Holdings and the Borrower covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other Obligations payable under any Loan Document shall have been paid in full (other than contingent indemnity claims or expense reimbursement obligations not yet asserted), each of Holdings and the Borrower will, and will cause each of the Subsidiaries to:

SECTION 5.01. ***Existence; Compliance with Laws; Businesses and Properties***.

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise permitted under Section 6.05.

(b) Do or cause to be done all things necessary to obtain, protect, preserve, renew, extend and keep in full force and effect its rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names, except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect; comply with all applicable laws, rules, regulations and decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, except as could not reasonably be expected to result in a Material Adverse Effect; and at all times maintain and preserve all property material to the conduct of the business of Holdings and its Subsidiaries and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times, except as could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.02. ***Insurance***.

(a) Keep its insurable properties adequately insured at all times by financially sound and reputable insurers; maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies that are of the same or similar size and in the same or similar businesses operating in the same or similar locations; and maintain such other insurance as may be required by law.

(b) Cause all such policies (if any) covering any Collateral (but, for the avoidance of doubt, excluding any public property damage policy) to be endorsed or otherwise amended to include a customary lender’s loss payable endorsement, in form and substance reasonably satisfactory to the Collateral Agent, which endorsement shall provide that, from and after the Closing Date, if the insurance carrier shall have received written notice from the Collateral Agent of the occurrence of an Event of Default, the insurance carrier shall pay all proceeds otherwise payable to the Borrower or the Loan Parties under such policies directly to the Collateral Agent or the Revolving Agent, as applicable; cause all such policies to provide that the Borrower shall be a coinsurer thereunder; upon written request by the Collateral Agent, deliver original or certified copies of all such policies to the Collateral Agent; cause each such policy to provide that it shall not be canceled or not renewed (i) by reason of nonpayment of premium upon not less than 10 days’ prior written notice thereof by the insurer to the Collateral Agent (giving the Collateral Agent the right to cure defaults in the payment of premiums) or (ii) for any other reason upon not less than 30 days’ prior written notice thereof by the insurer to the Collateral Agent; upon the written request of the Collateral Agent, deliver to the Collateral Agent, prior to the cancellation or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Collateral Agent) together with evidence reasonably satisfactory to the Collateral Agent of payment of the premium therefor.

(c) If at any time the area in which the Premises (as defined in the Mortgages or such other similar term) are located is designated (i) a “flood hazard area” in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), obtain flood insurance in such total amount as the Administrative Agent, the Collateral Agent or the Required Lenders

may from time to time reasonably require, and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as it may be amended from time to time, or (ii) a "Zone 1" area, obtain earthquake insurance in such total amount as the Administrative Agent, the Collateral Agent or the Required Lenders may from time to time reasonably require.

SECTION 5.03. ***Obligations and Taxes***. Pay its Material Indebtedness in accordance with its terms and pay and discharge promptly when due all material Taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such Tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Borrower shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP.

SECTION 5.04. ***Financial Statements, Reports, etc***. In the case of Holdings and Borrower, furnish to the Administrative Agent and each Lender:

(a) within 120 days (or for the first fiscal year ending after the Closing Date, 150 days) after the end of each fiscal year of the Borrower, its consolidated balance sheet and related statements of income, stockholders' equity and cash flows showing the financial condition of Holdings, the Borrower and its consolidated Subsidiaries as of the close of such fiscal year and the results of its operations and the operations of Holdings and such Subsidiaries during such year, together with comparative figures for the immediately preceding fiscal year of the Borrower (but for comparative figures for any immediately preceding fiscal year occurring in 2013 or earlier, such comparative figures do not need to include Holdings), all audited by Moss Adams LLP or other independent public accountants of recognized national standing reasonably acceptable to the Administrative Agent (it being understood and agreed that the "Big Four" accounting firms are acceptable to the Administrative Agent) and accompanied by an opinion of such accountants (which opinion shall be without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit, except as related solely to the maturity of the Loans or the Revolving Loans (or any loans from a Permitted Refinancing of the Revolving Loans) during the immediately succeeding twelve-month period) to the effect that such consolidated financial statements fairly present in all material respects the financial condition and results of operations of Holdings, the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP or such other accounting principles as consented to by the Administrative Agent;

(b) within 45 days (or for the fiscal quarter ending September 30, 2013, 90 days) after the end of each of the first three fiscal quarters of each fiscal year of the Borrower (commencing with the fiscal quarter ending September 30, 2013), its consolidated balance sheet and related statements of income, stockholders' equity and cash flows showing the financial condition of Holdings, the Borrower and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of Holdings and such Subsidiaries during such fiscal quarter and the then-elapsed portion of the fiscal year of the Borrower, together with the comparative figures for the same periods in the immediately preceding fiscal year of the Borrower (but for comparative figures for any immediately preceding fiscal quarter occurring in the fiscal quarter ending September 30, 2013 or earlier, such comparative figures do not need to include Holdings), all certified by one of the Financial Officers of Holdings or the Borrower, as the case may be, as fairly presenting the financial condition and results of operations of Holdings, the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP or such other accounting principles as consented to by the Administrative Agent, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of the Financial Officer of the Borrower (a "***Compliance Certificate***") (i) certifying that no Event of Default has occurred or, if such an Event of Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail, together with supporting calculations, demonstrating compliance (or noncompliance) with the covenant contained in Section 6.10;

(d) (i) concurrently with any delivery of financial statements under paragraph (a) or (b) above, (A) a list of any Intellectual Property registered with the United States Patent and Trademark Office or the United States Copyright Office acquired since the last such list delivered pursuant to this Section 5.04(d) (or since the Closing Date, in the case of the first such list delivered after the Closing Date); and (B) an updated Schedule 3.28(a) (if necessary); and (ii) concurrently with any delivery of financial statements under paragraph (a) above, a list of any Intellectual Property registered in countries other than the United States;

(e) within 30 days after the beginning of each fiscal year of the Borrower, a detailed consolidated budget for such fiscal year presented on a quarter by quarter basis;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Holdings, the Borrower or any Subsidiary with any Governmental Authority or securities exchange, or distributed to its shareholders generally in their capacity as shareholders, as the case may be;

(g) promptly after the receipt thereof by Holdings, the Borrower or any of their Subsidiaries, a copy of any final "management letter" received by any such Person from its certified public accountants and the management's response thereto;

(h) promptly after the request by any Lender, all documentation and other information that such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act; and

(i) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings, the Borrower or any Subsidiary (including for purposes of obtaining and maintaining credit ratings in respect of the Borrower), or compliance with the terms of any Loan Document, in each case, as the Administrative Agent may reasonably request in writing.

SECTION 5.05. ***Litigation and Other Notices***.

Furnish to the Administrative Agent prompt written notice of the following upon any Loan Party's knowledge thereof:

(a) the occurrence of any Default or Event of Default, specifying the nature and extent thereof, the date of occurrence thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written (including by email or other electronic means) threat or notice of intention of any Person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of Holdings, the Borrower and its Subsidiaries in an aggregate amount exceeding $1,000,000;

(d) any development or event that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect;

(e) any default or event of default (in each case, after taking into account applicable cure or grace periods) under any Contractual Obligation (other than the Loan Documents) of Holdings, the Borrower or any of their respective Subsidiaries that would reasonably be expected to have a Material Adverse Effect;

(f) any notices of default received by any Loan Party from, or notices of default furnished to, any holder which is not an Affiliate of Holdings of Material Indebtedness and not otherwise required to be furnished to the Administrative Agent or the Lenders pursuant to any other clause of this Section 5.05 (together with copies thereof); and

(g) any damage or destruction to Collateral that is reasonably and in good faith determined by Borrower to be in an amount in excess of $1,000,000.

SECTION 5.06. ***Information Regarding Collateral***. Furnish to the Administrative Agent prompt written notice of any change (i) in any Loan Party's legal name (as defined in Section 9-503(a) of the UCC), (ii) in the jurisdiction of organization or formation of any Loan Party, (iii) in any Loan Party's corporate structure or chief executive office location or (iv) in any Loan Party's Federal Taxpayer Identification Number (if any). Unless otherwise approved by the Administrative Agent in writing (which approval shall not be unreasonably withheld, delayed or conditioned), Holdings and the Borrower agree not to, and shall cause the other Loan Parties not to, effect or permit any change referred to in the preceding sentence unless any documents are delivered (or are substantially concurrently with the action effecting such change delivered) to the Collateral Agent that are required to be filed under the UCC so that the Collateral Agent, after the filing of such documents by the Collateral Agent, will continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral, with the priority required hereunder and under the Security Documents.

SECTION 5.07. ***Maintaining Records; Access to Properties and Inspections***. Keep proper books of record that are true and correct in all material respects and maintain a system of accounting that enables Holdings and the Borrower to produce financial statements in accordance with GAAP or such other accounting principles as may be consented to by the Administrative Agent. Holdings and the Borrower shall, and shall cause each of the Subsidiaries to, permit any representatives designated by the Administrative Agent to visit and inspect the financial records (other than the fee letter related to the Revolving Loans) and the properties of such Person at reasonable times up to one time during any twelve consecutive month period (but without such frequency limit during the continuance of an Event of Default) following reasonable prior written notice and to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent to discuss the affairs, finances and financial condition of such Person with the officers thereof and independent accountants therefor; *provided* that (a) the Administrative Agent shall give the Borrower and the Sponsor an opportunity for its representatives to participate in any such discussions and (b) so long as no Event of Default has occurred and is then continuing, the Borrower and the other Loan Parties shall not bear the cost of more than one such visit or inspection (combined) per any twelve consecutive month period by the Administrative Agent and Lenders (and their respective representatives and other Related Parties).

SECTION 5.08. ***Use of Proceeds***. Use the proceeds of the Loans solely (i) to fund the Existing Debt Refinancing, (ii) to pay fees, costs and expenses (including, without limitation, attorney's fees) incurred in connection with the Loans, the Existing Debt Refinancing and the other Transactions, and (iii) for working capital and other general corporate purposes of Holdings and its Subsidiaries, and to make capital expenditures, acquisitions, Investments, distributions and Restricted Payments permitted by this Agreement from time to time.

SECTION 5.09. ***Employee Benefits***.

(a) Cause each Employee Benefit Plan to comply in all respects with its terms and the applicable provisions of ERISA and the Code, except to the extent that such failure to comply could not reasonably be expected to result in a Material Adverse Effect, and furnish to the Administrative Agent as soon as possible after, and in any event within 10 days after any Responsible Officer of Holdings, the Borrower or any Subsidiary knows that any ERISA Event has occurred that, alone or together with any other ERISA Event could reasonably be expected to result in liability of Holdings, the Borrower or any Subsidiary in an aggregate amount exceeding $1,000,000, a statement of a Financial Officer of Holdings or the Borrower setting forth details as to such ERISA Event and the action, if any, that Holdings or the Borrower proposes to take with respect thereto.

(b) Upon reasonable request by the Administrative Agent, furnish copies of (i) annual report (Form 5500 Series) filed by any Loan Party or any Subsidiary thereof or any of its ERISA Affiliates with respect to each Employee Benefit Plan; (ii) the most recent actuarial valuation report for each Plan, to the extent such exists; (iii) all notices received by any Loan Party or any of its ERISA Affiliates from a Multiemployer Plan sponsor or any governmental agency concerning an ERISA Event; and (iv) such other information, documents or governmental reports or filings relating to any Employee Benefit Plan as the Administrative Agent shall reasonably request in writing.

SECTION 5.10. ***Compliance with Environmental Laws***. Comply with all Environmental Laws applicable to its operations and properties and obtain and renew all material environmental permits necessary for its operations and properties, except to the extent that such failure to comply could not reasonably be expected to result in a Material Adverse Effect; and conduct any remedial action required by Environmental Laws; *provided*, *however*, that none of Holdings, the Borrower or any Subsidiary shall be required to undertake any remedial action required by Environmental Laws to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

SECTION 5.11. ***Preparation of Environmental Reports***. If an Event of Default caused by reason of a breach of Section 3.16 or Section 5.10 shall have occurred and be continuing for more than 20 days without Holdings, the Borrower or any Subsidiary commencing activities reasonably likely to cure such Default, at the written request of the Required Lenders through the Administrative Agent, provide to the Lenders within 45 days after such request, at the reasonable expense of the Loan Parties, an environmental site assessment report regarding the matters that are the subject of such Event of Default prepared by an environmental consulting firm reasonably acceptable to the Administrative Agent and the Borrower and indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance or remedial action in connection with such Event of Default.

SECTION 5.12. ***Further Assurances***.

(a) Subject to the Intercreditor Agreement, execute any and all further documents, agreements and instruments, and take all further action (including delivering UCC and other financing statements with respect to the Collateral to the Collateral Agent for filing to the extent required under

applicable law or any Security Documents that may be required hereunder), or that the Required Lenders, the Administrative Agent or the Collateral Agent may reasonably request in writing, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant and perfect the validity and first priority (subject to Liens permitted by Section 6.02) of the security interests created by the Security Documents to the extent required hereby or by the Security Documents. Subject to the Intercreditor Agreement, in addition, from time to time, the Borrower will, at its reasonable cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected security interests with respect to such of its assets and properties and the assets and property of its Subsidiaries that are Loan Parties as the Administrative Agent or the Required Lenders shall designate in writing to the extent required hereby or by the Security Documents to constitute "Collateral" (it being understood that it is the intent of the parties that the Obligations shall be secured by all the Collateral of the Loan Parties (including certain owned real property and other properties acquired subsequent to the Closing Date)). Subject to the Intercreditor Agreement, such security interests and Liens in the Collateral will be created under the Security Documents and other security agreements, mortgages, deeds of trust and other instruments and documents in form and substance reasonably satisfactory to the Collateral Agent and the Borrower, and the Borrower shall deliver or cause to be delivered to the Collateral Agent all such instruments and documents (it being understood that mortgages, deeds of trust, legal opinions and title insurance policies shall only be required with respect to Material Domestic Real Property) as the Collateral Agent shall reasonably request to effectuate the foregoing requirements in this Section 5.12. In furtherance of the foregoing, the Borrower will give prompt notice to the Administrative Agent of the acquisition by it or any of the Subsidiaries that are Loan Parties of (i) any owned Material Domestic Real Property and (ii) any Material Foreign Assets.

(b) Within ten (10) Business days of the consummation of any Permitted Acquisition of any Person organized in the United States by any of the Loan Parties that is a Wholly Owned Subsidiary of such Loan Party (other than a Foreign Subsidiary Holdco), or within ten (10) Business Days of the formation by any of the Loan Parties of any Person organized in the United States that is a Wholly Owned Subsidiary of such Loan Party (other than a Foreign Subsidiary Holdco), the Borrower shall cause such Person so acquired or formed to be designated as a Subsidiary Guarantor of the Obligations. Such Person shall become a Loan Party by executing the Guarantee and Collateral Agreement (or a joinder thereto). In addition, (i) such Person shall execute and deliver such Security Documents as the Administrative Agent, the Collateral Agent or the Required Lenders may reasonably request to grant a Lien in respect of substantially all of its real and personal property in favor of the Collateral Agent and the Lenders as required hereby or by the Guarantee and Collateral Agreement to constitute "Collateral", and (ii) the Loan Parties directly owning Equity Interests in such Person shall pledge all such Equity Interests (other than Excluded Equity) in such Person, in each case, subject to the limitation in clauses (c) and (d) below. Notwithstanding anything to the contrary in any Loan Document, with respect to any assets or property (other than Material Foreign Assets) of any Loan Party not located in the United States (which shall, for the avoidance of doubt, include Intellectual Property registered in a jurisdiction outside the United States), no action to create or perfect a security interest or Lien shall be taken or required to be taken with respect to such assets, other than, to the extent required under the Guarantee and Collateral Agreement, the applicable Loan Party granting a security interest and Lien on such assets under the Guarantee and Collateral Agreement and the filing of UCC financing statements (including amendments thereto); *provided*, however, that the foregoing shall not limit any Loan Party's obligations to pledge Equity Interests in Foreign Subsidiaries (other than Excluded Equity) to the extent required hereunder or under the Guarantee and Collateral Agreement.

(c) Notwithstanding anything to the contrary, no Foreign Subsidiary shall be required to (i) grant a security interest in its assets to secure the Obligations or (ii) guarantee the Obligations.

(d) In the event that any Loan Party forms or acquires a Foreign Subsidiary or Foreign Subsidiary Holdco after the date hereof, the Borrower will promptly notify the Collateral Agent of that fact and cause such Loan Party to execute and deliver to the Collateral Agent such documents and instruments and take such further actions as may be necessary, or in the reasonable opinion of the Collateral Agent, desirable to create in favor of the Collateral Agent, for the benefit of the Secured Parties, a Lien on all of the Equity Interests in such Foreign Subsidiary or Foreign Subsidiary Holdco held by such Loan Party (other than, in each case, Excluded Equity). Notwithstanding anything herein to the contrary, (A) all Loan Documents covering any foreign assets that are Collateral (including, without limitation, any Equity Interests of Foreign Subsidiaries that are Collateral) shall be governed by New York law, (B) no foreign law creation actions, perfection actions or other actions shall be required with respect to any Collateral, and (C) no foreign law opinion letters or foreign law governed documents shall be required with respect to any Collateral, in each case, other than with respect to, at the option of the Collateral Agent, Material Foreign Assets.

ARTICLE VI

Negative Covenants

Each of Holdings and the Borrower covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other Obligations payable under any Loan Document shall have been paid in full (other than contingent indemnity claims or expense reimbursement obligations not yet asserted), neither Holdings nor the Borrower will, nor will they cause or permit any of the Subsidiaries to:

SECTION 6.01. ***Indebtedness***. Incur, create, assume or permit to exist any Indebtedness, except:

(i) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and any Permitted Refinancings thereof;

(ii) Indebtedness created hereunder and under the other Loan Documents (including, without limitation, any Indebtedness incurred pursuant to Section 2.22);

(iii) Indebtedness incurred under either (a) the Revolving Loan Agreement and the Revolving Loan Documents (including, without limitation, guarantees of the Loan Parties in respect of such Indebtedness and cash management and swap obligations) and any Permitted Refinancing thereof subject in each case to the Intercreditor Agreement or (b) a letter of credit facility, on terms and conditions reasonably satisfactory to the Administrative Agent, providing for the issuance of letters of credit thereunder for an aggregate face amount not to exceed $5,000,000;

(iv) intercompany Indebtedness of the Borrower and the Subsidiaries to the extent permitted by Section 6.04(iii);

(v) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets (for the avoidance of doubt, in each case, excluding Capital Lease Obligations and Synthetic Lease Obligations) and Permitted Refinancings thereof; *provided* that (i) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this Section 6.01(v), when combined with the aggregate principal amount of all Capital Lease Obligations and Synthetic Lease Obligations incurred pursuant to Section 6.01(vi) shall not exceed the Permitted Capital Lease Amount at any time outstanding;

(vi) Capital Lease Obligations and Synthetic Lease Obligations in an aggregate principal amount, when combined with the aggregate principal amount of all Indebtedness incurred pursuant to Section 6.01(v), not in excess of the Permitted Capital Lease Amount at any time outstanding;

(vii) Indebtedness in respect of (x) appeal bonds or similar instruments and (y) payment, bid, performance or surety bonds, or other similar bonds, completion guarantees, or similar instruments, workers' compensation claims, health, disability or other employee benefits, letters of credit and banker's acceptances issued for the account of Holdings or any of its Subsidiaries in each case listed under this clause (y), in the ordinary course of business, and including guarantees or obligations of Holdings or any of its Subsidiaries with respect to letters of credit supporting such appeal, payment, bid, performance or surety or other similar bonds, completion guarantees, or similar instruments, workers' compensation claims, health, disability or other employee benefits (in each case other than for Indebtedness for money borrowed);

(viii) Indebtedness under any Hedging Agreement permitted under Section 6.04(vi); *provided* that if such Hedging Agreement relates to interest rates, (i) the obligations under such Hedging Agreement relate to payment obligations on Indebtedness otherwise permitted to be incurred by the Loan Documents and (ii) the notional principal amount of such obligations under such Hedging Agreement at the time incurred does not exceed the principal amount of the Indebtedness to which such obligations under such Hedging Agreement relate;

(ix) (A) Contingent Obligations of any Loan Party of Indebtedness of any other Loan Party, (B) Contingent Obligations by any Subsidiary that is not a Loan Party of Indebtedness of any Loan Party, its Subsidiaries or its joint ventures or (C) Contingent Obligations of any Loan Party of Indebtedness of any Subsidiary or joint venture of any Loan Party that is not a Loan Party with respect, in each case, to Indebtedness otherwise permitted to be incurred pursuant to this Section 6.01 (and with respect to clause (C) above only, when combined with the aggregate amount of Investments, loans or advances made by Loan Parties to Subsidiaries or joint ventures that are not Loan Parties pursuant to Section 6.04(i) and Section 6.04(iii), in each case without duplication, do not exceed the Permitted Non-Loan Party Investment Amount) (including, without limitation, guarantees in respect of any Permitted Refinancings thereof); *provided*, that if the Indebtedness that is being guarantied is unsecured and/or subordinated to the Obligations, the guaranty shall also be unsecured and/or subordinated to the Obligations, in each case on terms no less favorable (taken as a whole) to the Lenders than the subordination terms (taken as a whole) of the Indebtedness so guarantied;

(x) (A) Indebtedness of any Person that becomes a Subsidiary after the date hereof, which Indebtedness is existing at the time such Person becomes a Subsidiary of the Borrower (other than Indebtedness incurred in contemplation of or in connection with such Person becoming a Subsidiary) in an aggregate amount not in excess of $1,000,000 at any time outstanding and (B) Indebtedness secured by assets purchased by a Loan Party in a Permitted Acquisition that is assumed by such Loan Party (other than Indebtedness incurred in contemplation of or in connection with such purchase) in an aggregate amount not in excess of $1,000,000 at any time outstanding;

(xi) Indebtedness incurred in the ordinary course of business in connection with cash pooling arrangements, netting services, automatic clearinghouse arrangements, overdraft protections, employee credit card programs, cash management and other similar arrangements incurred in the ordinary course of business;

(xii) to the extent any such items constitute Indebtedness, Indebtedness arising from agreements of Holdings, the Borrower or any Subsidiary providing for indemnification, contribution, earn-out, adjustment of purchase price or similar obligations, in each case incurred or assumed in connection with any Permitted Acquisition or Disposition otherwise permitted under this Agreement; *provided* that the amount of all earn-outs shall not exceed $3,000,000 in the aggregate from the Closing Date to the Maturity Date;

(xiii) unsecured Indebtedness consisting of Indebtedness owing to a seller incurred in connection with a Permitted Acquisition in an aggregate amount outstanding not to exceed $2,000,000; *provided* that such Indebtedness is subordinated to the Obligations in a manner reasonably satisfactory to the Administrative Agent;

(xiv) Indebtedness representing any Taxes, assessments or governmental charges to the extent such Taxes are being contested in good faith and adequate reserves have been provided therefor in conformity with GAAP;

(xv) Indebtedness of Foreign Subsidiaries not in excess of $625,000 at any time outstanding;

(xvi) Indebtedness representing deferred compensation or similar obligations to employees of the Borrower and its Subsidiaries incurred in the ordinary course of business;

(xvii) Indebtedness consisting of obligations of the Borrower and its Subsidiaries under deferred compensation or other similar arrangements with employees incurred by such Person in connection with Permitted Acquisitions or any other Investments permitted hereunder constituting acquisitions of Persons or businesses or divisions;

(xviii) Indebtedness incurred in the ordinary course of business with respect to customer deposits and other unsecured current liabilities not the result of borrowing and not evidenced by any note or other evidence of Indebtedness;

(xix) Indebtedness consisting of (A) the financing of insurance premiums or (B) take or pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(xx) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(xxi) Indebtedness arising as a direct result of judgments, orders, awards or decrees against Holdings or any of its Subsidiaries, in each case not constituting an Event of Default;

(xxii) Indebtedness consisting of promissory notes issued by any Loan Party or its Subsidiaries to current or former officers, directors and employees (or their estates, spouses or former spouses) of any Loan Party or any Subsidiary issued to purchase or redeem capital stock of Holdings permitted by Section 6.06(a);

(xxiii) Subordinated Indebtedness in an aggregate principal amount not exceeding $500,000 at any time outstanding;

(xxiv) unsecured Indebtedness of Holdings to its Subsidiaries at such times and in such amounts necessary to permit Holdings to receive any Restricted Payment permitted to be made to Holdings pursuant to Section 6.06, so long as, as of the applicable date of determination, a Restricted Payment for such purposes would otherwise be permitted to be made pursuant to Section 6.06; *provided* that that any such Indebtedness shall be deemed to utilize on a dollar-for-dollar basis the relevant basket under Section 6.06;

(xxv) to the extent constituting Indebtedness, all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in Section 6.01(i) through (xxiv) above; and

(xxvi) other Indebtedness of the Borrower or its Subsidiaries in an aggregate principal amount not exceeding $1,000,000 at any time outstanding (of which $1,000,000 at any time can be secured).

For purposes of determining compliance with any Dollar-denominated restriction on the incurrence of Indebtedness, the Dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to extend, replace, refund, refinance, renew or defease other Indebtedness denominated in a foreign currency, and such extension, replacement, refunding, refinancing, renewal or defeasance would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such extension, replacement, refunding, refinancing, renewal or defeasance of Indebtedness does not exceed the principal amount of such Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased, plus an amount equal to unpaid accrued interest and premium thereon, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including, without limitation, attorney's fees) incurred in connection with such extension, replacement, refunding, refinancing, renewal or defeasance.

To the extent otherwise constituting Indebtedness, the accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness shall be deemed not to be Indebtedness for purposes of this Section 6.01. The principal amount of any non-interest bearing Indebtedness or other discount security constituting Indebtedness at any date shall be the principal amount thereof that would be shown on a balance sheet of the Borrower dated such date prepared in accordance with GAAP.

SECTION 6.02. ***Liens***. Create, incur, assume or permit to exist any Lien on any property or assets (including Equity Interests or other securities of any Person, including the Borrower or any Subsidiary) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except:

(i) Liens on property or assets of the Borrower and the Subsidiaries existing on the date hereof and set forth in Schedule 6.02 and any Permitted Refinancing thereof; *provided* that such Liens shall secure only those obligations that they secure on the date hereof or Permitted Refinancing thereof as applicable;

(ii) any Lien created under the Security Documents or the other Loan Documents;

(iii) any Lien existing on any property or asset prior to the acquisition, construction or improvement thereof by the Borrower or any Subsidiary or existing on any property or assets of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary, as the case may be; *provided* that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, (ii) such Lien does not apply to any other property or assets of Holdings, the Borrower or any Subsidiary and (iii) such Lien secures only those obligations (excluding the amount of any premiums or penalties and accrued and unpaid interest paid thereon and the amount of fees, costs and expenses incurred in connection therewith) that it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be;

(iv) Liens for Taxes not yet due or that are being contested in compliance with Section 5.03;

(v) Landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction contractor's or other like Liens arising in the ordinary course of business and securing obligations that are not overdue for a period of more than 30 days and payable or that are being contested in compliance with Section 5.03;

(vi) pledges and deposits made in the ordinary course of business in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations;

(vii) deposits to secure the performance of bids, trade contracts (other than for Indebtedness for borrowed money), governmental contracts and leases (other than Capital Lease Obligations or Synthetic Lease Obligations), statutory obligations, surety, stay, custom and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business;

(viii) zoning restrictions, easements, rights-of-way, title exceptions, survey exceptions, covenants, reservations, restrictions, encroachments, protrusions, conditions, licenses, building codes, minor defects or irregularities in title and other similar encumbrances affecting real property, restrictions on use of real property and other similar encumbrances incurred that, in the aggregate, do not materially adversely detract from the value and the use of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries (taken as a whole);

(ix) Liens with respect to Capital Lease Obligations and purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed) by the Borrower or any Subsidiary; *provided* that (i) such security interests secure Indebtedness permitted by Section 6.01(v) or 6.01(vi), (ii) such security interests are incurred, and the Indebtedness secured thereby is created, within 90 days after such acquisition (or construction), (iii) the Indebtedness secured thereby does not exceed 100% of the cost of such real property, improvements or equipment at the time of such acquisition (or construction) *plus* unpaid accrued interest and premium thereon *plus* underwriting discounts, premiums paid, fees, costs and expenses (including, without limitation, attorney's fees) incurred in connection therewith and (iv) such security interests do not apply to any other property or assets of the Borrower or any Subsidiary other than any proceeds and/or replacements thereof;

(x) Liens on property or assets of a Person (other than any Equity Interests in any Person) existing at the time the assets of such Person are acquired or such Person is merged into or consolidated with the Holdings, the Borrower or any Subsidiary or becomes a Subsidiary of

Holdings, the Borrower or any Subsidiary; *provided* that any such Lien (i) was not created in contemplation of or in connection with such asset purchase, merger, consolidation or investment and (ii) does not extend to any assets (other than improvements thereon) other than those acquired in such asset purchase and those assets of the Person merged into or consolidated with Holdings, the Borrower or such Subsidiary or acquired by Holdings, the Borrower or such Subsidiary;

(xi) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to (i) cash and Permitted Investments on deposit in one or more accounts maintained by any Loan Party, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank or banks with respect to cash management and operating account arrangements, and (ii) financial assets on deposit in one or more securities accounts maintained by any Loan Party, in each case granted in the ordinary course of business in favor of the securities intermediaries with which such accounts are maintained, securing amounts owing to such securities intermediaries with respect to services rendered in connection with such securities accounts;

(xii) precautionary filings of financing statements under the Uniform Commercial Code of any applicable jurisdictions in respect of operating leases or consignments entered into by Holdings, the Borrower or the Subsidiaries in the ordinary course of business;

(xiii) Liens arising out of judgments, orders, attachments, decrees or awards not resulting in an Event of Default;

(xiv) either (a) Liens securing the Indebtedness under the Revolving Loan Agreement and the other Revolving Loan Documents and any Permitted Refinancing thereof, subject to the Intercreditor Agreement or (b) Liens on cash collateral securing Indebtedness permitted under Section 6.01(iii)(b); *provided* that the aggregate amount of cash collateral subject to the Liens permitted under this Section 6.02(xiv)(b) shall not exceed 105% of the aggregate face amount of all outstanding letters of credit issued and outstanding under the applicable letter of credit facility;

(xv) (A) Liens on insurance policies and the proceeds thereof securing insurance premium financing permitted hereunder and (B) pledges and deposits in the ordinary course of business securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to Holdings or any of its Subsidiaries;

(xvi) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Borrower or any Subsidiary in the ordinary course of business;

(xvii) Liens on the assets of Foreign Subsidiaries that secure Indebtedness permitted pursuant to Section 6.01(xv) (and related obligations);

(xviii) good faith earnest money deposits made in connection with a Permitted Acquisition or any other Investment or letter of intent or purchase agreement permitted hereunder;

(xix) Leases and subleases of the properties of any Loan Party or their Subsidiaries granted by such Person to third parties;

(xx) non-exclusive licenses and sublicenses in the ordinary course of business;

(xxi) Liens to the extent arising out of judgments, orders, attachments, decrees or awards not resulting in an Event of Default;

(xxii) Liens (A) incurred in the ordinary course of business in connection with the purchase or shipping of goods or assets (or the related assets and proceeds thereof), which Liens are in favor of the seller or shipper of such goods or assets and only attach to such goods or assets, and (B) in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; and

(xxiii) other Liens securing Indebtedness not to exceed $1,000,000 in the aggregate at any time outstanding.

Notwithstanding anything to contrary hereunder or under any other Loan Document, no Liens (other than Liens permitted under clauses (ii), (iv) and (xiv) shall be permitted on Equity Interests issued by the Borrower or any of its Subsidiaries which constitute Collateral.

SECTION 6.03. ***Sale and Lease-Back Transactions***. Enter into any arrangement, directly or indirectly, with any Person whereby it shall sell or transfer all of its right, title and interest to any property, real or personal with a fair market value in excess of $1,000,000, used or useful in its business, whether now owned or hereafter acquired, contemporaneously or substantially contemporaneously therewith rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred, except to the extent (a) the sale or transfer of such property is permitted by Section 6.05 and, (b) any Capital Lease Obligations, Synthetic Lease Obligations or Liens arising in connection therewith are permitted by Section 6.01 and Section 6.02, as the case may be.

SECTION 6.04. ***Investments***. Purchase, hold, make or acquire any Investments, any other Person, except:

(i) (A) Investments by Holdings, the Borrower and the Subsidiaries existing on the date hereof in the Equity Interests of the Borrower and the Subsidiaries and (B) additional Investments by Holdings, the Borrower and the Subsidiaries in the Equity Interests of the Borrower and the Subsidiaries; *provided* that (x) any such Equity Interests (other than Excluded Equity) held by a Loan Party shall be pledged pursuant to the Guarantee and Collateral Agreement (subject to the limitations and exclusions referred to therein) and (y) the aggregate amount of Investments made by Loan Parties after the date hereof in Subsidiaries that are not Loan Parties (determined without regard to any write downs or write-offs of such Investments), when combined with the aggregate amount of loans and advances made by Loan Parties to Subsidiaries or joint ventures that are not Loan Parties pursuant to Section 6.04(iii) and the aggregate amount of Contingent Obligations of Loan Parties with respect to Indebtedness of Subsidiaries and joint ventures that are not Loan Parties pursuant to Section 6.01(ix)(C), in each case without duplication, shall not exceed the Permitted Non-Loan Party Investment Amount;

(ii) Permitted Investments;

(iii) loans or advances made by any Loan Parties or their Subsidiaries to any other Loan Party (except with respect to Section 6.01(xxiv), other than Holdings), Subsidiary or a Subsidiary of a Loan Party or joint ventures thereof; *provided* that the aggregate amount of such loans and advances made by Loan Parties to Subsidiaries or joint ventures that are not Loan Parties (determined without regard to any write-downs or write-offs of such loans and advances), when combined with the aggregate amount of Investments made by Loan Parties after the date

hereof in Subsidiaries or joint ventures that are not Loan Parties pursuant to Section 6.04(i) and the aggregate amount of Contingent Obligations of Loan Parties with respect to Indebtedness of Subsidiaries and joint ventures that are not Loan Parties pursuant to Section 6.01(ix)(C), in each case without duplication, shall not exceed the Permitted Non-Loan Party Investment Amount at any time outstanding and shall be evidenced by a promissory note to the extent required by the Guarantee and Collateral Agreement;

(iv) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(v) Holdings, the Borrower and its Subsidiaries may make loans and advances in the ordinary course of business (including for travel, entertainment and relocation expenses) to their respective officers, directors and employees so long as the aggregate principal amount thereof at any time outstanding (determined without regard to any write-downs or write-offs of such loans and advances) shall not exceed $500,000;

(vi) the Borrower and its Subsidiaries may enter into Hedging Agreements that are not speculative in nature;

(vii) the Borrower and any Subsidiary may acquire all or substantially all the assets of a Person or line of business of such Person, or not less than 90% of the Equity Interests (other than directors' qualifying shares) of a Person (referred to herein as the "***Acquired Entity***") provided that (I) the Borrower shall comply, and shall cause the Acquired Entity to comply (in each case, to the extent applicable), with the applicable provisions of Section 5.12 and the Security Documents and (II) such transactions meet the following criteria (or such criteria is waived) in one of the three clauses of (A), (B) and (C) below (any acquisition of an Acquired Entity meeting all the criteria in one of clauses of (A), (B) and (C) (or having any such criteria waived) of this Section 6.04(vii) being referred to herein as a "***Permitted Acquisition***"):

(A) Other than an acquisition satisfying the criteria set forth in clause (B) or clause (C), such acquisition satisfies the following:

(i) no Default or Event of Default exists at the time of such acquisition or would exist immediately after giving effect to such acquisition;

(ii) the Consolidated Leverage Ratio shall not be greater than 0.74 to 1 on a pro forma basis after giving effect to such acquisition; and

(iii) the Borrower shall have delivered a certificate of a Financial Officer, certifying as to compliance with paragraphs (A)(i) and (A)(ii) of this Section 6.04(vii) and containing reasonably detailed calculations in support of paragraph (A)(ii) of this Section 6.04(vii);

(B) such acquisition is funded solely with the Equity Interests of Holdings or proceeds from any issuance of Equity Interests by Holdings (in each case, not constituting Disqualified Stock); or

(C) such acquisition is funded with cash or Permitted Investments of Holdings, the Borrower or any Subsidiary, and both (a) no Default or Event of Default exists at the time of such acquisition or would exist immediately after giving effect to such acquisition and (b) immediately after giving effect to such acquisition and the use of any cash or Permitted Investments of Holdings, the Borrower or any Subsidiary for such acquisition, Liquidity shall not be less than $3,000,000;

(viii) Contingent Obligations permitted by Section 6.01;

(ix) prepaid expenses or lease, utility and other similar deposits, in each case made in the ordinary course of business;

(x) Investments consisting of any deferred portion (including promissory notes and non cash consideration) of the sales price received by Holdings, the Borrower or any Subsidiary in connection with any Disposition permitted hereunder;

(xi) advances of payroll payments to employees, officers, directors and managers of Holdings, the Borrower and any Subsidiaries in the ordinary course of business;

(xii) extensions of trade credit or the holding of receivables in the ordinary course of business and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers in the ordinary course of business or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of such account debtors or suppliers;

(xiii) the Borrower and its Subsidiaries may endorse negotiable instruments and other payment items for collection or deposit in the ordinary course of business or make lease, utility and other similar deposits in the ordinary course of business;

(xiv) Investments of any Person that becomes (or is merged or consolidated or amalgamated with) a Subsidiary of the Borrower on or after the date hereof on the date such Person becomes (or is merged or consolidated or amalgamated with) a Subsidiary of the Borrower; provided that (i) such Investments exist at the time such Person becomes (or is merged or consolidated or amalgamated with) a Subsidiary, and (ii) such Investments are not made in anticipation or contemplation of such Person becoming (or merging or consolidating or amalgamated with) a Subsidiary;

(xv) advances in connection with purchases of goods or services in the ordinary course of business;

(xvi) Investments to the extent that payment for such Investments is made solely with Qualified Capital Stock of Holdings or Equity Interests of any direct or indirect parent company of Holdings; and

(xvii) Investments consisting of good faith deposits made in accordance with Section 6.02(xviii);

(xviii) (i) Investments outstanding on the Closing Date and identified on Schedule 6.04 and (ii) Investments consisting of any modification, replacement, renewal, reinvestment or extension of any Investment described in clause (i) above; *provided* that the amount of any Investment permitted pursuant to this clause (ii) is not increased from the amount of such Investment on the Closing Date except pursuant to the terms of such Investment as of the Closing Date or pursuant to another Investment otherwise permitted by this Section 6.04;

(xix) promissory notes or other obligations of directors (or comparable position), officers or other employees of a Loan Party or any of its Subsidiaries acquired in the ordinary course of business in connection with such directors' (or comparable position), officers' or employees' acquisition of Equity Interests in such Loan Party or such Subsidiary (to the extent such acquisition is permitted under this Agreement), (A) so long as no cash is advanced by the Borrower or any of its Subsidiaries that are Loan Parties in connection with such Investment or (B) if paid in cash, in an aggregate amount not to exceed $1,000,000 at any time outstanding;

(xx) any Loan Party or any of its Subsidiaries may make a loan that could otherwise be made as a distribution permitted under Section 6.06 (with a commensurate dollar-for-dollar reduction of their ability to make additional distributions under such Section); provided that any such loan made by a Loan Party and shall be evidenced by a promissory note and pledged to the Collateral Agent to the extent required by the Guarantee and Collateral Agreement;

(xxi) Investments to the extent constituting the reinvestment of the Net Asset Sale Proceeds arising from any Asset Sale or Net Insurance/Condemnation Proceeds arising from any Casualty Event to repair, replace or restore any property in respect of which such proceeds were paid or to reinvest in other properties or assets that are used or are otherwise useful in the business of the Loan Parties and their Subsidiaries; and

(xxii) in addition to Investments permitted by paragraphs (i) through (xxi) above, additional Investments by the Borrower and the Subsidiaries so long as the aggregate amount invested pursuant to this paragraph (xxii) (determined without regard to any write-downs or write-offs of such Investments, but net of cash returns thereon) does not exceed $1,500,000.

SECTION 6.05. ***Consolidations, Dispositions of Assets and Acquisitions***. Enter into any transaction of merger or consolidation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease or sub-lease (as lessor or sublessor), transfer or otherwise Dispose of, in one transaction or a series of transactions, all or any part of its business, property or assets (including its notes or receivables and Equity Interests of a Subsidiary, whether newly issued or outstanding), whether now owned or hereafter acquired, except:

(i) any Subsidiary of the Borrower may be merged with or into the Borrower or any Wholly Owned Subsidiary of the Borrower that is a Guarantor, or be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise Disposed of, in one transaction or a series of transactions, to the Borrower or any Wholly Owned Subsidiary of the Borrower that is a Guarantor; *provided* that, in the case of such a merger, the Borrower or such Wholly Owned Subsidiary shall be the continuing or surviving Person;

(ii) any Subsidiary of the Borrower that is not a Guarantor may be merged with or into any Subsidiary of the Borrower that is not a Guarantor, or be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise Disposed of, in one transaction or a series of transactions, to any Subsidiary of the Borrower that is not a Guarantor;

(iii) the Borrower and its Subsidiaries may sell or otherwise Dispose of assets in transactions that do not constitute Asset Sales;

(iv) the Borrower and its Subsidiaries may Dispose of obsolete, worn out or surplus property in the ordinary course of business;

(v) the Borrower and its Subsidiaries may make Asset Sales; *provided* that (a) the consideration received for such assets shall be in an amount at least equal to the fair market value thereof; (b) at least 75% of such consideration received shall be cash; (c) no Event of Default shall have occurred or be continuing immediately after giving effect thereto; and (d) the proceeds of such Asset Sales shall be applied to the extent required by Section 2.11(a);

(vi) in order to resolve disputes that occur in the ordinary course of business, the Borrower and its Subsidiaries may sell, transfer, discount, forgive, cancel or otherwise compromise for less than the face value thereof, notes or accounts receivable;

(vii) the Borrower or a Subsidiary may Dispose of Equity Interests of any of its Subsidiaries solely to qualify directors of the Governing Body of the Subsidiary if, and to the extent, required by applicable law;

(viii) any Person may be merged with or into the Borrower or any Subsidiary if the acquisition of the Equity Interests of such Person by the Borrower or such Subsidiary would have been permitted pursuant to Section 6.04(vii); *provided* that (a) in the case of the Borrower, the Borrower shall be the continuing or surviving entity, (b) if a Subsidiary is not the surviving or continuing Person, the surviving Person becomes a Subsidiary and complies with the provisions of Section 5.12 (to the extent required thereby and subject to the limitations and exceptions set forth therein) and (c) no Event of Default shall have occurred or be continuing immediately after giving effect thereto;

(ix) the Loan Parties may engage in transactions that are excluded from the definition of "Asset Sale" by the parenthetical following clause (iii) thereof;

(x) the lapse or abandonment in the ordinary course of business of any Intellectual Property that is, in the reasonable business judgment of the Borrower, immaterial or no longer economically practicable to maintain;

(xi) Dispositions of property to the Borrower or a Subsidiary; *provided*, that if the transferor of such property is a Loan Party (a) the transferee thereof must be a Loan Party (other than Holdings) or (b) such Investment must be a permitted Investment in a Subsidiary that is not a Loan Party in accordance with Section 6.04;

(xii) Dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property; provided that to the extent the property being transferred constitutes Collateral, such replacement property shall constitute Collateral;

(xiii) (A) Investments permitted pursuant to Section 6.04, (B) transactions permitted pursuant to Section 6.03, (C) Liens in compliance with Section 6.02 and (D) Restricted Payments in compliance with Section 6.06;

(xiv) (x) leases and subleases of real or personal property in the ordinary course of business and (y) non-exclusive licenses and sublicenses of Intellectual Property or other property;

(xv) sales of non-core assets acquired in connection with any Permitted Acquisitions;

(xvi) use of cash and Disposition of Permitted Investments in the ordinary course of business;

(xvii) Dispositions resulting from Casualty Events; and

(xviii) the unwinding or terminating of Hedging Agreement.

To the extent the Required Lenders or all the Lenders, as applicable, waive the provisions of this Section 6.05 with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 6.05, such Collateral (unless sold to a Loan Party) shall be sold automatically free and clear of the Liens created by the Security Documents and the Agents shall, at the reasonable cost and expense of the Borrower, take all actions they reasonably deem appropriate in order to effect the foregoing.

SECTION 6.06. ***Restricted Payments; Restrictive Agreements***.

(a) Declare or make, or agree to declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so; *provided*, *however*, that (i) any Subsidiary of the Borrower may declare and pay dividends or make other distributions ratably to its equity holders, (ii) the Borrower may make Restricted Payments to Holdings in an amount not to exceed the Permitted Restricted Payment Amount in any fiscal year of the Borrower to the extent necessary to pay independent director fees incurred by Holdings in the ordinary course of business, (iii) the Borrower may make Restricted Payments to Holdings in an amount not to exceed $250,000 in any fiscal year of the Borrower, (and Holdings may make a corresponding Restricted Payment to the Sponsor or its Affiliates) to the extent necessary to pay reasonable general corporate or other entity and overhead expenses (including franchise or similar Taxes, other than Taxes in the nature of an income Tax, which is covered by Permitted Tax Distributions, but excluding fees to independent directors) incurred by Holdings or the Sponsor or its Affiliates (limited, in the case of the Sponsor and any of its Affiliates, to amounts directly related to its indirect ownership interests in the Borrower) or pay any indemnification amounts or other amounts described in Section 6.07(v) below owed to Holdings or the Sponsor or its Affiliates, pursuant to the Management Agreement or any other customary management or advisory arrangement (whether in writing, verbal or otherwise), (iv) the Borrower may pay to Holdings, and Holdings may pay to its direct or indirect parent companies, Permitted Tax Distributions; (v) Holdings, the Borrower and the Subsidiaries may make Restricted Payments in the form of distributions payable solely in the common stock, other common Equity Interests or other Qualified Capital Stock of such Person; (vi) the Borrower and Holdings may make (directly or indirectly) Permitted Founder Distributions; (vii) so long as no Event of Default has occurred and is continuing or would immediately result therefrom, payments may be made to Holdings (or any direct or indirect parent company of Holdings) to permit Holdings (or any such direct or indirect parent company of Holdings) to repurchase or redeem Qualified Capital Stock of Holdings (or any direct or indirect parent company) held by current or former officers, directors or employees (or their transferees, spouses, ex-spouses, estates or beneficiaries under their estates) of any Loan Party or their Subsidiaries, upon their death, disability, retirement, severance or termination of employment or service or to make payments on Indebtedness issued to buy such Qualified Capital Stock upon their death, disability, retirement, severance or termination of employment or service; *provided* that the aggregate cash consideration (for the avoidance of doubt excluding cancellation of Indebtedness owed by such person) paid for all such redemptions and payments shall not exceed, in any fiscal year, the sum of (I) $1,000,000, *plus* (II) the net cash proceeds of any "key-man" life insurance policies of any Loan Party or its Subsidiaries that have not been used to make any repurchases, redemptions or payments under this clause (vii) *provided further*, that any Restricted Payments or payments permitted to be made (but not made) pursuant to subclause (I) of this clause (vii) in a given fiscal year of Holdings may be carried forward and made in succeeding fiscal years of Holdings; *provided further* that during an Event of Default any payments described in this clause may accrue and shall be permitted to be paid when no

Event of Default is continuing at such time; (viii) Restricted Payments may be made solely in Equity Interests of Holdings (other than Disqualified Stock), (ix) repurchases of Equity Interests may be made by Holdings upon the occurrence of the exercise of Equity Interest options if the Equity Interests represent a portion of the exercise price thereof and (x) distributions of proceeds of the Loans to Holdings to effectuate the Existing Debt Refinancing on the Closing Date; *provided*, *however*, that (A) (x) the amount of cash dividends paid pursuant to clauses (iii) and (iv) to enable Holdings to pay Taxes at any time shall not exceed the amount of such Taxes actually owing by Holdings (or such applicable parent company) at such time and (y) any refunds (including in respect of Taxes) received by Holdings shall promptly be returned by Holdings to the Borrower as cash common equity contributions and (B) any Permitted Founder Distributions made pursuant to clause (vi) are subject to (1) the Loan Parties having no net operating losses (without taking into account any interest tax deduction) that have not been utilized to offset net income for any prior relevant period at the time such Permitted Founder Distribution is made, (2) the sum of (x) net income (determined in accordance with GAAP) of the Loan Parties and their Subsidiaries, on a consolidated basis, plus (y) interest expense (determined in accordance with GAAP) of the Loan Parties and their Subsidiaries, on a consolidated basis, for the most recently ended fiscal year, exceeding $0, (3) immediately after giving effect to any such distribution, Liquidity being greater than or equal to $3,000,000 and (4) the aggregate amount of all such Permitted Founder Distributions made during the term of this Agreement not exceeding $8,000,000.

(b) Enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (i) the ability of Holdings, the Borrower or any Wholly Owned Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (ii) the ability of any Subsidiary to pay dividends or other distributions with respect to any of its Equity Interests or to make or repay loans or advances to the Borrower or any other Subsidiary or to guarantee Indebtedness of the Borrower or any other Subsidiary; *provided* that (A) the foregoing shall not apply to restrictions and conditions imposed by law or regulation or by any Loan Document or the Revolving Loan Document or any Permitted Refinancing thereof, (B) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary (or its assets) pending such sale, provided such restrictions and conditions apply only to the Subsidiary or such assets that is (or are) to be sold and such sale is permitted hereunder, (C) clause (i) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, (D) clause (i) of the foregoing shall not apply to customary provisions in leases, subleases, licenses, sublicenses and other contracts restricting the assignment thereof, (E) the foregoing shall not apply with respect to (i) any agreement (including with respect to Indebtedness) in effect at the time any Person becomes a Subsidiary of the Borrower; *provided*, that such agreement was not entered into in contemplation of such Person becoming a Subsidiary of the Borrower, (ii) restrictions under agreements evidencing or governing or otherwise relating to Indebtedness of any Subsidiaries that are not Loan Parties permitted under Section 6.01; *provided* that such Indebtedness is only with respect to the assets of any Subsidiaries that are not Loan Parties, (iii) customary provisions in joint venture agreements, limited liability company operating agreements, partnership agreements, stockholders agreements, other Organizational Documents and other similar agreements, (iv) customary anti-assignment provisions in licenses and other contracts restricting the sublicensing or assignment thereof, (v) pursuant to Contractual Obligations that (y) exist on the Closing Date and (z) to the extent Contractual Obligations permitted by this clause (v) are set forth in an agreement evidencing Indebtedness or any agreement evidencing any Permitted Refinancing thereof so long as such Permitted Refinancing does not expand the scope of such Contractual Obligation, and (vi) restrictions in connection with cash or other deposits permitted under Section 6.02.

SECTION 6.07. ***Transactions with Affiliates***. Except for (i) transactions between or among Loan Parties, (ii) Investments permitted by Section 6.04, and Indebtedness permitted by Section 6.01, and Liens permitted by Section 6.02, (iii) Dispositions, mergers, consolidations and dissolutions permitted by

Section 6.05(i), (iv) Restricted Payments permitted by Section 6.06, (v) reimbursements of costs and expenses of the Sponsor or its Affiliates or any indemnities provided to the Sponsor or its Affiliates, in each case, pursuant to the Management Agreement or any other customary management or advisory arrangement (whether in writing, verbal or otherwise), (vi) director, officer and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans) and indemnification arrangements and severance agreements, in each case approved by the Governing Body of Holdings, any direct or indirect parent entity of Holdings or the applicable Subsidiary of Holdings, (vii) transactions under the Loan Documents, the Revolving Loan Documents (and any Permitted Refinancing thereof) and the Related Documents, (viii) Dispositions of Qualified Capital Stock of Holdings to Affiliates of Borrower or Holdings not otherwise prohibited by the Loan Documents and the granting of registration and other customary rights in connection therewith, (ix) the Transactions, (x) the transactions with Velocity Technology Solutions, Inc. or its Affiliates that are approved by all disinterested directors (or the equivalent thereof) (excluding any independent director that may have an interest in the particular transaction) of the appropriate Governing Body of Holdings and (xi) the transactions set forth on Schedule 6.07, and any amendment or modification with respect to such transactions, and the performance of obligations thereunder, so long as such amendment or modification is not materially adverse to the interests of the Lenders, sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except that the Borrower or any Subsidiary may engage in any of the foregoing transactions at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties; *provided* that if such Affiliate transaction both (1) does not meet one of the exceptions in clauses (i) through (xi) above and (2) involves aggregate payments or value in excess of $1,000,000, the Borrower shall either obtain written approval for such Affiliate transaction from (y) all of the disinterested directors (or the equivalent thereof) (excluding any independent director that may have an interest in the particular transaction) of the appropriate Governing Body of the Borrower or such Subsidiary, as applicable or (z) the Administrative Agent.

SECTION 6.08. ***Business of Holdings, Borrower and Subsidiaries***.

(a) With respect to Holdings, engage in any business activities prohibited by Section 6.13; and

(b) With respect to the Borrower and each of its Subsidiaries, engage at any time in any business or business activity other than the business conducted by it on the date hereof and any business reasonably related, similar, ancillary, complementary or incidental thereto or reasonable extensions thereof.

SECTION 6.09. ***Other Indebtedness and Agreements, etc.***

(a) Make any distribution, whether in cash, property, securities or a combination thereof, other than regularly scheduled payments of principal and interest and premiums and fees as and when due (to the extent not prohibited by applicable subordination provisions), in respect of, or pay, or directly or indirectly redeem, repurchase, retire or otherwise acquire for consideration, any Subordinated Indebtedness unless permitted by the applicable subordination agreement, except (i) with respect to any Permitted Refinancing thereof, (ii) to the extent made with the proceeds of Qualified Capital Stock of Holdings, (iii) with respect to the Existing Debt Refinancing on the Closing Date, (iv) with respect to converting (or exchanging) any Indebtedness to (or for) Qualified Capital Stock of Holdings, (v) any AHYDO payments with respect thereto so long as no Event of Default is continuing or would immediately result therefrom and (vi) so long as no Event of Default is continuing, making prepayments, redemptions, repurchases, retirement, defeasance or other satisfaction of Indebtedness in an amount not to exceed $500,000 per year; or

(b) Pay in cash any amount in respect of any Indebtedness (other than interest payable under this Agreement), Disqualified Stock or preferred Equity Interests that may at the obligor's option be paid in kind or in other securities, in each case, at a time (but only at such time) when PIK Interest is being paid (as opposed to all cash interest) on the Loans pursuant to Section 2.06;

(c) Pay any Management Fees.

SECTION 6.10. ***Maximum Consolidated Leverage Ratio***. Permit the Consolidated Leverage Ratio as of the last day of each period set forth below to be greater than the ratio set forth opposite such period below:

Four Fiscal Quarters Ending	**Ratio**
Four fiscal quarters ending September 30, 2014	1.0 to 1.0
Four fiscal quarters ending December 31, 2014	1.0 to 1.0
Four fiscal quarters ending March 31, 2015	0.99 to 1.0
Four fiscal quarters ending June 30, 2015	0.99 to 1.0
Four fiscal quarters ending September 30, 2015	0.99 to 1.0
Four fiscal quarters ending December 31, 2015	0.99 to 1.0
Four fiscal quarters ending March 31, 2016	0.97 to 1.0
Four fiscal quarters ending June 30, 2016	0.97 to 1.0
Four fiscal quarters ending September 30, 2016	0.97 to 1.0
Four fiscal quarters ending December 31, 2016	0.97 to 1.0
Four fiscal quarters ending March 31, 2017	0.94 to 1.0
Each four fiscal quarter period ending on March 31, June 30, September 30 and December 31 thereafter	0.94 to 1.0

SECTION 6.11. ***Fiscal Year***. Permit any of Holdings, the Borrower or any Subsidiary to change its fiscal year end to a date other than December 31.

SECTION 6.12. ***Amendments or Waivers of Documents Relating to Subordinated Indebtedness, Certain Documents and Equity Interests***.

(a) ***Amendments of Documents Relating to Certain Indebtedness***. Amend, waive, supplement, modify or otherwise change the terms of (i) any Subordinated Indebtedness in a way that is expressly prohibited by the terms of the applicable subordination agreement (as in effect the date the Borrower acknowledges or agrees in writing to the terms of such subordination agreement or as amended in an amendment approved in writing by the Borrower), or (ii) the Revolving Loan Documents except pursuant to the terms of the Intercreditor Agreement or pursuant to a Permitted Refinancing thereof.

(b) ***Amendments of Certain Documents***. Make any amendment, waiver, restatement, supplement or other modification to such Person's Organizational Documents in any manner materially adverse to the Lenders without in each case obtaining the prior written consent of the Administrative Agent to such amendment, waiver, restatement, supplement or other modification; *provided* that, for the avoidance of doubt, Holdings may issue Equity Interests so long as such issuance is not otherwise prohibited by this Agreement, and may amend or modify its Organizational Documents to authorize the issuance of any such Equity Interests.

SECTION 6.13. ***Conduct of Business by Holdings***. With respect to Holdings, engage in any business or activity, hold any assets or incur any Indebtedness or other liabilities, other than (i) the ownership of all outstanding Equity Interests in the Borrower, (ii) maintaining its corporate existence, (iii) participating in tax, accounting and other administrative activities as a member of the consolidated group of companies including the Loan Parties, (iv) executing, delivering and the performance of rights and obligations under the Loan Documents, the Revolving Loan Documents, the Related Documents, the Acquisition Agreement and related documents to which it is a party, (v) performance of rights and obligations under the Management Agreement or any other customary management or advisory arrangement (whether in writing, verbal or otherwise), (vi) making any Restricted Payment permitted by Section 6.06, (vii) purchasing Qualified Capital Stock of Borrower, (viii) making capital contributions to Borrower, (ix) executing, delivering and the performance of rights and obligations under any employment agreements and any documents related thereto, (x) the making of loans to officers, the Governing Body, and employees in exchange for Equity Interests of Holdings purchased by such officers, Governing Body, or employees pursuant to Section 6.04 and the acceptance of notes related thereto and (xi) activities incidental to the businesses or activities described in clauses (i)-(x) above.

ARTICLE VII

Events of Default

SECTION 7.01. ***Events of Default***. In case of the happening of any of the following events ("***Events of Default***"):

(a) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(b) default shall be made in the payment of any interest or premium on any Loan or any Fee or any other amount (other than an amount referred to in (a) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three days;

(c) any representation or warranty made or deemed made to any Agent or Lender in or in connection with or pursuant to any Loan Document or the Loans made hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall be false or misleading in any material respect when so made, deemed made or furnished (except to the extent already qualified by materiality, in which case it shall not be false or misleading in any respect);

(d) default shall be made in the due observance or performance by Holdings, the Borrower or any Subsidiary of any covenant or agreement contained in Section 4.02, Section 5.01(a), Section 5.01(b) (solely to the extent the failure to comply has resulted in a Material Adverse Effect), Section 5.04(b) (and such default shall continue unremedied for a period of ten days), Section 5.05(a), Section 5.08, or in Article VI (*provided* that any failure to comply with Section 6.10 shall be subject to cure pursuant to Section 7.02);

(e) default shall be made in the due observance or performance by Holdings, the Borrower or any Subsidiary of any covenant or agreement contained in any Loan Document (other than those specified in (b), (c) or (d) above) or any Related Document and such default shall continue unremedied for a period of 30 days after the earlier of (i) written notice thereof from the Administrative Agent or any Lender to the Borrower and (ii) knowledge thereof by a Responsible Officer of Holdings or the Borrower;

(f) (i) Holdings, the Borrower or any Subsidiary shall fail to pay any principal or interest, regardless of amount, due in respect of any Material Indebtedness, when and as the same shall become due and payable (after giving effect to any cure periods); or (ii) any other event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment (other than customary mandatory prepayments), repurchase, redemption or defeasance thereof, prior to its scheduled maturity; *provided* that this clause (ii) shall not apply to secured Indebtedness that becomes due solely as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary), or of all or substantially all of the property or assets of Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary), under the Bankruptcy Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary) or for all or substantially all of the property or assets of Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary) or (iii) the winding-up or liquidation of Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary) shall (i) voluntarily commence any proceeding or file any petition seeking relief under the Bankruptcy Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for

Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary) or for all or substantially all of the property or assets of Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary), (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) become unable, admit in writing its liability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more judgments shall be rendered against Holdings, the Borrower, any Subsidiary (other than any Immaterial Subsidiary) or any combination thereof and the same shall remain undischarged, unstayed, unvacated and unbonded for a period of 45 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Holdings, the Borrower or any Subsidiary (other than any Immaterial Subsidiary) to enforce any such judgment and such judgment either (i) is for the payment of money in an aggregate amount in excess of $1,125,000 generally and $3,000,000 with respect to unpaid state taxes (after giving effect to insurance (and taking into account any deductibles) as to which Holdings, the Borrower or any Subsidiary has promptly submitted or will promptly submit a written claim in respect thereof to the applicable insurance carrier and the insurance carrier has not denied liability by an appropriate proceeding and is solvent and not an Affiliate of Holdings, the Borrower or any of its Subsidiaries) or (ii) is for injunctive relief and could reasonably be expected to result in a Material Adverse Effect;

(j) an ERISA Event shall have occurred that, in the reasonable opinion of the Required Lenders, when taken together with all other such ERISA Events, could reasonably be expected to result in liability of the Borrower, Holdings or any Subsidiary in an aggregate amount exceeding $1,000,000;

(k) any guarantee under the Guarantee and Collateral Agreement for any reason shall cease to be in full force and effect (other than in accordance with its terms), or any Guarantor shall deny in writing that it has any further liability under the Guarantee and Collateral Agreement (other than as a result of the discharge of such Guarantor in accordance with the terms of the Loan Documents);

(l) any security interest purported to be created by any Security Document shall cease to be, or shall be asserted by the Borrower or any other Loan Party not to be, a valid, perfected, first priority (subject to Lien permitted by Section 6.02) security interest in the securities, assets or properties purported to be covered thereby (other than any Collateral that both (x) has a fair market value of not more than $375,000 in the aggregate, and (y) is not material to the operations, business or prospects of any Loan Party) other than by reason of action or inaction by the Collateral Agent, the Administrative Agent, the Lenders, the other Secured Parties or their Related Parties;

(m) any Subordinated Indebtedness of Holdings, the Borrower or any Subsidiary constituting Material Indebtedness shall cease (or any Loan Party or an Affiliate of any Loan Party shall so assert), for any reason, to be validly subordinated to the Obligations as provided in the agreements evidencing such Subordinated Indebtedness; or

(n) the Acquisition shall be unwound by a final, non-appealable judgment of a court of competent jurisdiction;

then, and in every such event (other than an event with respect to any of the Loan Parties described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such an Event of Default, the Administrative Agent may, and at the written request of the Required Lenders shall, by written notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in

whole or in part, whereupon the principal of the Loans so declared to be due and payable (and accrued interest thereon), together with the Applicable Prepayment Premium (other than in the case of acceleration of the Loans due to the Loan Parties' breach of the covenant set forth in Section 6.10) for the prepayment date with respect to such principal amount paid and accrued interest thereon, and any unpaid accrued Fees and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each of Holdings and the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding; and in any event with respect to any of the Loan Parties described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding (and accrued interest thereon), together with the Applicable Prepayment Premium for the prepayment date with respect to such principal amount paid and accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each of Holdings and the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding, and the Collateral Agent shall have the right to enforce all of the Liens created pursuant to the Security Documents and exercise on behalf of itself and the other Secured Parties all rights and remedies available to it and the other Secured Parties under the Loan Documents or applicable law, including the right to appoint a receiver.

If the Obligations are accelerated for any reason, including because of default, Disposition or encumbrance (including that by operation of law or otherwise), the Applicable Prepayment Premium will also be due and payable on the outstanding principal amount (including, for the avoidance of doubt, PIK Interest that has been capitalized and added to principal) of the Loans (but not any other amounts) as though said indebtedness was voluntarily prepaid and shall constitute part of the Obligations, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Lender's lost profits as a result thereof. Any Applicable Prepayment Premium payable above shall be presumed to be the liquidated damages sustained by each Lender as the result of the early termination and the Borrower agrees that it is reasonable under the circumstances currently existing. The Applicable Prepayment Premium shall also be payable in the event the Obligations (and/or this Agreement or the Notes evidencing the Obligations) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means. THE BORROWER EXPRESSLY WAIVES THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING APPLICABLE PREPAYMENT PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION**.** The Borrower expressly agrees that: (A) the Applicable Prepayment Premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the Applicable Prepayment Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made; (C) there has been a course of conduct between Lenders and the Borrower giving specific consideration in this transaction for such agreement to pay the Applicable Prepayment Premium; and (D) the Borrower shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Borrower expressly acknowledges that its agreement to pay the Applicable Prepayment Premium to Lenders as herein described is a material inducement to Lenders to make the Loans.

SECTION 7.02. ***Right to Cure***.

(a) Notwithstanding anything to the contrary contained in Section 7.01, in the event that the Borrower fails to comply with the requirements of the covenant set forth in Section 6.10, during the period beginning on the first day following the applicable fiscal quarter (i.e., the last fiscal quarter in the period of non-compliance with the covenant set forth in Section 6.10) until the expiration of the 15th day

subsequent to the date the Compliance Certificate to be delivered pursuant to Section 5.04(c) for such fiscal quarter is required to be delivered (the "***Cure Date***"), Holdings shall have the right to use cash proceeds of any equity contribution (in the form of Qualified Capital Stock) to Holdings during such period (any such equity contribution to Holdings to exercise the Cure Right pursuant to this Section, a "***Cure Contribution***") or any issuance of Equity Interests by Holdings (other than any issuance of Disqualified Stock) during such period (any such Equity Interests issued by Holdings to exercise the Cure Right pursuant to this Section, "***Cure Securities***") to make an equity contribution to, or purchase equity of, the Borrower in each case, in the form of Qualified Capital Stock (collectively, the "***Cure Right***"), and upon the receipt by the Borrower of such cash (the "***Cure Amount***") pursuant to the exercise by Holdings of such Cure Right and written request to the Administrative Agent to effect such recalculation, the covenant set forth in Section 6.10 shall be recalculated giving effect to the following pro forma adjustments:

(i) Consolidated Revenue shall be increased for such fiscal quarter (and any four fiscal quarter-period that includes such fiscal quarter), solely for the purpose of measuring the covenant set forth in Section 6.10 and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; and

(ii) if, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of the covenant set forth in Section 6.10, the Borrower shall be deemed to have satisfied the requirements of the covenant set forth in Section 6.10 as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the covenant set forth in Section 6.10 that had occurred shall be deemed cured for the purposes of this Agreement.

(b) Notwithstanding anything herein to the contrary (i) in each four consecutive fiscal-quarter period there shall be at least two fiscal quarters in which the Cure Right is not exercised, (ii) during the term of this Agreement, the Cure Right may be exercised no more than four times, (iii) the Cure Amount shall be no greater than the amount required for purposes of causing the Borrower to comply with the covenant set forth in Section 6.10, (iv) the proceeds of a Cure Contribution or Cure Securities shall be used to prepay the Loans (and such prepayment shall not be subject to the Applicable Prepayment Premium) and the Loans shall be deemed repaid for the purposes of recalculating the covenant set forth in Section 6.10.

(c) Upon the Administrative Agent's receipt of a notice from the Borrower that it intends to exercise the Cure Right (a "***Notice of Intent to Cure***"), until the 15th day subsequent to the date of required delivery of the related Compliance Certificate delivered pursuant to Section 5.04(c) to which such Notice of Intent to Cure relates, neither the Administrative Agent nor any Lender shall exercise the right to accelerate payment of the Loans or terminate or suspend the Commitments nor take any other remedy pursuant to Section 7.01 or otherwise and neither the Collateral Agent nor any other Lender shall exercise any right to foreclose on or take possession of the Collateral solely on the basis of an allegation of an Event of Default having occurred and being continuing under Section 7.01 due to failure by the Borrower to comply with the requirements of the covenant set forth in Section 6.10 for the applicable period.

The Administrative Agent and the Collateral Agent

Each of the Lenders hereby irrevocably appoints the Administrative Agent and the Collateral Agent (for purposes of this Article VIII, the Administrative Agent and the Collateral Agent are referred to collectively as the "***Agents***") its agent and authorizes the Agents to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized to execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the Security Documents.

The Person serving as the Administrative Agent and/or the Collateral Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such Person and its affiliates may provide debt financing, equity capital or other services (including financial advisory services) to any of the Loan Parties (or any Person engaged in similar business as that engaged in by any of the Loan Parties) as if such Person was not performing the duties specified herein, and may accept fees and other consideration from any of the Loan Parties for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

Neither Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) neither Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) neither Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that such Agent is instructed in writing to exercise by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08), and (c) except as expressly set forth in the Loan Documents, neither Agent shall have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to Holdings, the Borrower or any of the Subsidiaries that is communicated to or obtained by the Person serving as the Administrative Agent and/or Collateral Agent or any of its Affiliates in any capacity. Neither Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08) or in the absence of its own gross negligence or willful misconduct as finally judicially determined by a court of competent jurisdiction. Neither Agent nor any Lender shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent or such Lender by Holdings, the Borrower or a Lender, and neither Agent nor any Lender shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent or such Lender.

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Each Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Credit Facility as well as activities as Agent.

Subject to the appointment and acceptance of a successor Agent as provided below, either Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the written consent of the Borrower (such consent not to be unreasonably withheld, delayed or conditioned and such consent not to be required during the continuance of a Designated Event of Default), to appoint a successor other than any Excluded Lender. If no successor shall have been so appointed by the Required Lenders (with the Borrower's written consent, subject to the limitations on consent in the immediately preceding sentence) and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent (other than any Excluded Lender) with the written consent of the Borrower (such consent not to be unreasonably withheld, delayed or conditioned and such consent not to be required during the continuance of a Designated Event of Default) which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor (who shall not be an Excluded Lender and any attempted appointment of an Excluded Lender shall be absolutely void *ab initio*), such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. If within 30 days after written notice is given of the resigning Agent's resignation under this Article VIII no successor Agent shall have been appointed and shall have accepted such appointment, then on such 30th day (a) the retiring Agent's resignation shall become effective, (b) the retiring Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (c) the Required Lenders shall thereafter perform all duties of the retiring Agent under the Loan Documents until such time, if any, as the Required Lenders appoint a successor Agent that is not an Excluded Lender as provided above. The Borrower shall pay the reasonable and documented out-of-pocket fees of a successor Agent that is not an Excluded Lender and that is not appointed in violation of this paragraph. After an Agent's resignation hereunder, the provisions of this Article VII and Section 9.05 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while acting as Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

Each Lender hereby further authorizes the Collateral Agent, on behalf of and for the benefit of Lenders, to enter into the Intercreditor Agreement and into each Security Document as secured party and to be the agent for and representative of the Lenders thereunder, and each Lender agrees to be bound by the terms of each Security Document and the Intercreditor Agreement; *provided* that the Collateral Agent shall not (i) enter into or consent to any material amendment, modification, termination or waiver of any provision contained in any Security Document or the Intercreditor Agreement or (ii) release any Collateral (except as otherwise expressly permitted or required pursuant to the terms of this Agreement, the Intercreditor Agreement or the applicable Security Document), in the case of each of clauses (i) and

(ii) without the prior consent of Required Lenders (or, if required pursuant to Section 9.08, all Lenders); *provided further*, *however*, that, without further written consent or authorization from the Lenders, the Collateral Agent may execute any documents or instruments necessary to (a) release any Lien encumbering any item of Collateral (1) that is the subject of a sale or other Disposition of assets permitted by this Agreement, the other Loan Documents or to which Required Lenders have otherwise consented or (2) upon the payment in full of the Obligations (other than contingent indemnity claims or expense reimbursement obligations not yet asserted), (b) release any Subsidiary Guarantor from the Guarantee and Collateral Agreement if all of the Equity Interests of such Subsidiary Guarantor are sold or otherwise Disposed of to any Person (other than an Affiliate of a Loan Party) pursuant to a sale or other Disposition permitted hereunder or under any of the other Loan Documents or to which Required Lenders have otherwise consented or (c) subordinate the Liens of the Collateral Agent, on behalf of the Secured Parties, to any Liens permitted by Section 6.02. Anything contained in any of the Loan Documents to the contrary notwithstanding, Holdings, the Borrower, the Collateral Agent and each Lender hereby agree that (1) no Lender shall have any right individually to realize upon any of the Collateral under or otherwise enforce any Security Document or the Intercreditor Agreement, it being understood and agreed that all powers, rights and remedies under the Security Documents and the Intercreditor Agreement may be exercised solely by the Collateral Agent for the benefit of the Secured Parties in accordance with the terms thereof, and (2) in the event of a foreclosure by either on any of the Collateral pursuant to a public or private sale, either Agent or any Lender may be the purchaser of any or all of such Collateral at any such sale and the Collateral Agent, as agent for and representative of Lenders (but not any Lender or Lenders in its or their respective individual capacities unless Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale. Notwithstanding anything to the contrary herein, the Collateral Agent shall be permitted to take any action it is authorized to take under any Loan Document or the Intercreditor Agreement.

In case of the pendency of any case or proceeding under the Bankruptcy Code or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agents and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Section 2.05, Section 2.13, Section 2.17, and Section 9.05) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 2.05 and Section 9.05.

ARTICLE IX

Miscellaneous

SECTION 9.01. ***Notices***. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax, as follows:

(i) if to Holdings or the Borrower, to them at Blackline Systems, Inc., 21300 Victory Blvd., 12th Floor, Woodland Hills, CA 91367, Attention: Controller (Fax No.: ### and Email: ###), with a copy (which shall not constitute notice) to: (a) Silver Lake Sumeru Fund, L.P., 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025, Attention: Jason Babcoke (Fax No.: ### and Email: ### and (2) Kirkland & Ellis LLP, 555 California Street, San Francisco, CA 94104, Attention: Christopher Kirkham (Fax No.: ### and Email: ###);

(ii) if to the Administrative Agent, to Obsidian Agency Services, Inc., c/o Tennenbaum Capital Partners, LLC, 2951 28th Street, Suite 1000, Santa Monica, California 90405, Attention: Asher Finci (Fax No. ### and Email: ###), with a copy (which shall not constitute notice) to Proskauer Rose LLP, 2049 Century Park East, Suite 3200, Los Angeles, California 90067, Attention: Steven O. Weise and Glen K. Lim (Fax No. ### and Email: ### and ###); and

(iii) if to a Lender, to it at its address (or fax number) set forth on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by fax or on the date 5 Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01. As agreed to among Holdings, the Borrower, the Administrative Agent and the applicable Lenders from time to time, notices and other communications may also be delivered by e-mail to the e-mail address of a representative of the applicable Person provided from time to time by such Person.

SECTION 9.02. ***Survival of Agreement***. All covenants, agreements, representations and warranties made by Holdings or the Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other Obligation (other than contingent indemnity claims or expense reimbursement obligations not yet asserted) payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not been terminated. The provisions of Section 2.12, Section 2.13, Section 2.17 and Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, the Collateral Agent or any Lender.

SECTION 9.03. ***Binding Effect***. This Agreement shall become effective when it shall have been executed by Holdings, the Borrower, the Collateral Agent and the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto.

SECTION 9.04. ***Successors and Assigns***.

(a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of Holdings, the Borrower, the Administrative Agent, the Collateral Agent or the Lenders that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more Eligible Assignees (which, for the avoidance of doubt, shall not be any Excluded Lender) all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it), with the prior written consent of the Borrower and the Administrative Agent (not to be unreasonably withheld or delayed); *provided, however*, that (i) the consent of the Borrower shall not be required to any such assignment made (A) to another Lender or an Affiliate of a Lender, or (B) after the occurrence and during the continuance of any Designated Event of Default; *provided* that, notwithstanding anything to the contrary in this Agreement, the Borrower shall retain its right to consent in writing to an assignment to any Excluded Lender at all times, (ii) unless otherwise consented to in writing by the Borrower and the Administrative Agent, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to when such assignment is delivered to the Administrative Agent) shall be in an integral multiple of, and not less than, $1,000,000 (or, if less, the entire remaining amount of such Lender's Commitment or Loans), (iii) the parties to each such assignment shall manually execute and deliver to the Administrative Agent an Assignment and Acceptance, together with, unless waived by the Administrative Agent, a processing and recordation fee of $3,500 (*provided* that only one such fee shall be payable in the case of concurrent assignments to Persons that, after giving effect to such assignments, will be Related Funds), and (iv) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and all applicable tax forms. Upon acceptance and recording pursuant to paragraph (e) of this Section 9.04, from and after the effective date specified in each Assignment and Acceptance, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of, and subject to the requirements of, Section 2.12, Section 2.13, Section 2.17 and Section 9.05).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto (including the Borrower) as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim; (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto, or the financial condition of Holdings, the Borrower or any Subsidiary or the performance or observance by Holdings, the Borrower or any

Subsidiary of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in Section 3.05(a) or delivered pursuant to Section 5.04 and such other documents and information as it has deemed reasonably appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, the Collateral Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (vi) such assignee appoints and authorizes the Administrative Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent and the Collateral Agent, respectively, by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at its principal executive offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "***Register***"). Absent manifest error, the Borrower, the Administrative Agent, the Collateral Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Collateral Agent and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of, and consent to, a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above, if applicable, and, if required, the written consent of the Administrative Agent and, if required, the Borrower to such assignment and any applicable tax forms, the Administrative Agent shall (i) accept such Assignment and Acceptance and (ii) notify the Borrower of such acceptance. The Administrative Agent shall promptly record the information contained therein in the Register. No assignment shall be effective unless it has been recorded in the Register as provided in this paragraph (e). This Section 9.04(e) shall be construed so that any Commitment, Loan or other Obligation under the Loan Documents is in registered form under Section 5f103-1(c) of the United States Treasury Regulations.

(f) Each Lender may without the consent of the Borrower or the Administrative Agent sell participations to one or more banks or other Persons (in each case, other than to an Excluded Lender) in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided, however,* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other Persons shall be entitled to the benefit of the cost protection provisions contained in Section 2.12 and Section 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17 and it being understood that the documentation required under Section 2.17 shall be delivered to the participating Lender) to the same extent as if they were Lenders (but, with respect to any particular participant), to no greater extent than the Lender that sold the participation to such participant, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after

the participant acquired the applicable participation, (iv) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable to such participating bank or Person hereunder or the amount of principal of or the rate at which interest is payable on the Loans in which such participating bank or Person has an interest, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans in which such participating bank or Person has an interest, increasing or extending the Commitments in which such participating bank or Person has an interest or releasing any Guarantor (other than in connection with the sale of such Guarantor in a transaction permitted by Section 6.05) or all or substantially all of the Collateral) and (v) such bank or other Person shall not be an Excluded Lender. Notwithstanding anything to the contrary, no Lender shall enter into any agreement with any participant that will permit such participant to influence or control the voting rights of such Lender with respect to the Loans or Obligations (and no participant shall have or receive any voting rights with respect to the Loans or Obligations) except with regard to (i) decreases in the principal amount of, or extending the maturity of or any scheduled principal payment date or date for the payment of any interest or premium on any Loan, or waiving or excusing any such payment or any part thereof, or decreasing the rate of interest or premium on any Loan, without the prior written consent of each Lender directly adversely affected thereby (other than any waiver of any increase in the interest rate applicable to the Loans as a result of the occurrence of an Event of Default and other than any waiver or extension of any mandatory prepayment), (ii) increasing or extending the Commitment or decreasing or extending the date for payment of any Fees or premiums of any Lender (other than any waiver or extension of any mandatory prepayment) without the prior written consent of such participant, or (iii) amending or modifying the pro rata requirements of Section 2.14, the provisions of Section 9.04(k) or the provisions of Section 9.08(b)(i)—(iii).

(g) Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "***Participant Register***"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any Commitments, Loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be *prima facie* evidence absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(h) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; *provided* that, prior to any such disclosure of information designated by the Borrower as confidential, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee or participant shall agree (subject to customary and commercially reasonable exceptions) to bound by or preserve the confidentiality of such confidential information on terms no less restrictive than those applicable to the Lenders pursuant to Section 9.16.

(i) Any Lender may at any time assign all or any portion of its rights under this Agreement to secure extensions of credit to such Lender or in support of obligations owed by such Lender; *provided* that no such assignment shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(j) Notwithstanding anything to the contrary contained herein, any Lender (a "***Granting Lender***") may grant to a special purpose funding vehicle that is not an Excluded Lender (an "***SPC***"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPC to make any Loan and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 9.04, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in the Loans to the Granting Lender or to any financial institutions that are not Excluded Lenders (consented to by the Borrower and the Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis (upon receiving a signed agreement to be bound to confidentiality provisions similar to those in Section 9.16) any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. A Granting Lender that transfers all or any portion of its Loan to an SPC shall maintain a register that complies with the requirements set forth in Section 9.04(g).

(k) Neither Holdings nor the Borrower shall assign or delegate any of its rights or duties hereunder without the prior written consent of the Administrative Agent and each Lender. Notwithstanding anything to the contrary, any attempted assignment that is not permitted by the terms hereunder shall be absolutely void ab initio.

SECTION 9.05. ***Expenses; Indemnity***.

(a) Holdings and the Borrower agree, jointly and severally, to pay all reasonable and documented out-of-pocket costs and expenses, including reasonable and documented attorneys' fees (limited to one transactional counsel and one local counsel in each relevant jurisdiction) and reasonable and documented out-of-pocket fees, costs and expenses of accountants, advisors and consultants, incurred by the Administrative Agent, the Collateral Agent and their one counsel in the negotiation, preparation and administration of this Agreement and the other Loan Documents including reasonable and documented out-of-pocket travel costs and costs and expenses (not to exceed $7,500 in any fiscal year of Holdings related to the obtaining and maintenance of credit ratings) or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby or thereby contemplated shall be consummated) or relating to efforts to evaluate or assess any Loan Party, its business or financial condition or protect, evaluate, assess or Dispose of any of

the Collateral; and all reasonable and documented out-of-pocket costs and expenses, including reasonable and documented attorneys' fees (limited to one transactional counsel and one local counsel in each relevant jurisdiction), fees, costs and expenses of accountants, advisors and consultants and costs of settlement, incurred by the Administrative Agent, the Collateral Agent and Lenders in enforcing any Obligations of or in collecting any payments due from any Loan Party hereunder or under the other Loan Documents (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Loan Documents) or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or pursuant to any insolvency or bankruptcy proceedings. Notwithstanding the foregoing, the parties hereto agree that Holdings, the Borrower and the other Loan Parties shall not be required to pay costs and expenses incurred on or prior to the Closing Date in connection with the primary syndication of the Credit Facility and the negotiation, preparation and administration of this Agreement and the other Loan Documents in excess of $300,000.

(b) Holdings and the Borrower agree, jointly and severally, to indemnify the Administrative Agent, the Collateral Agent, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "***Indemnitee***") against, and to hold each Indemnitee harmless from, any and all losses (other than lost profits), claims, damages, liabilities and related expenses, including reasonable and documented out-of-pocket counsel fees of one counsel and one local counsel in each relevant jurisdiction, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated thereby, (ii) the use of the proceeds of the Loans, (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto or the plaintiff or defendant thereunder (and regardless of whether such matter is initiated by a third party, a Lender, or by Holdings, the Borrower, any other Loan Party or any of their respective Affiliates), or (iv) any actual or alleged presence or Release of Hazardous Materials on any property currently or formerly owned or operated by the Borrower or any of the Subsidiaries, or any Environmental Liability related in any way to the Borrower or the Subsidiaries; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee or its Affiliates, (B) result from a successful claim brought by the Borrower or any other Loan Party against an Indemnitee for a material breach of such Indemnitee's material obligations hereunder or under any other Loan Document or (C) arise from disputes arising solely among Indemnitees that do not involve any act or omission by any Loan Party or its Affiliates (other than claims, damages, liabilities and related expenses against an Agent acting solely in its capacity as such, but not with respect to any other Person that is party to such dispute with an Agent).

(c) To the extent that Holdings and the Borrower fail to pay any amount required to be paid by them to the Administrative Agent or the Collateral Agent under paragraph (a) or (b) of this Section 9.05(c), each Lender severally agrees to pay to the Administrative Agent or the Collateral Agent, as the case may be, such Lender's *pro rata* share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Collateral Agent in its capacity as such. For purposes hereof, a Lender's "*pro rata* share" shall be determined based upon its share of the sum of the outstanding Loans and unused Commitments at the time.

(d) To the extent permitted by applicable law, neither Holdings nor the Borrower shall assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, the Collateral Agent or any Lender. All amounts due under this Section 9.05 shall be payable within 10 Business Days of demand therefor.

SECTION 9.06. ***Right of Setoff***. If an Event of Default shall have occurred and be continuing, each Secured Party is hereby authorized at any time and from time to time, except to the extent prohibited by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Secured Party to or for the credit or the account of Holdings or the Borrower against any of and all the obligations of Holdings or the Borrower now or hereafter existing under this Agreement and other Loan Documents held by such Secured Party, irrespective of whether or not such Secured Party shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Secured Party under this Section 9.06 are in addition to other rights and remedies (including other rights of setoff) which such Secured Party may have.

SECTION 9.07. ***Applicable Law***. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

SECTION 9.08. ***Waivers; Amendment***.

(a) No failure or delay of the Administrative Agent, the Collateral Agent or any Lender in exercising any power or right hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Collateral Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings or the Borrower in any case shall entitle Holdings or the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, Holdings and the Required Lenders; *provided*, *however*, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest or premium on any Loan, or waive or excuse any such payment or any part thereof, or decrease the rate of interest or premium on any Loan, without the prior written consent of each Lender directly adversely affected thereby (other than any waiver of any increase in the interest rate applicable to the Loans as a

result of the occurrence of an Event of Default and other than any waiver or extension of any mandatory prepayment), (ii) increase or extend the Commitment or decrease or extend the date for payment of any Fees or premiums of any Lender (other than any waiver or extension of any mandatory prepayment) without the prior written consent of such Lender, (iii) amend or modify the *pro rata* requirements of Section 2.14, the provisions of Section 9.04(k) or the provisions of this Section 9.08(b) or release any Guarantor (other than in connection with the sale or other disposition of such Guarantor in a transaction permitted by Section 6.05) or all or substantially all of the Collateral, without the prior written consent of each Lender, (iv) modify the protections afforded to an SPC pursuant to the provisions of Section 9.04(j) without the written consent of such SPC, or (v) reduce the percentage contained in the definition of the term "Required Lenders" without the prior written consent of each Lender (it being understood that with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Commitments on the date hereof); *provided further* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Collateral Agent hereunder or under any other Loan Document without the prior written consent of the Administrative Agent or the Collateral Agent.

SECTION 9.09. ***Interest Rate Limitation***. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively the "***Charges***"), shall exceed the maximum lawful rate (the "***Maximum Rate***") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 9.09 shall be cumulated and the interest and Charges payable to such Lender in respect of other periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.10. ***Entire Agreement***. This Agreement and the other Loan Documents constitute the entire contract between the parties relative to the subject matter hereof. Any other previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any Person (other than the parties hereto and thereto, their respective successors and assigns permitted hereunder and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Collateral Agent and the Lenders) any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 9.11. ***WAIVER OF JURY TRIAL***. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

SECTION 9.12. ***Severability***. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13. ***Counterparts***. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 9.03. Delivery of an executed signature page to this Agreement by facsimile transmission or other electronic means shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 9.14. ***Headings***. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15. ***Jurisdiction; Consent to Service of Process***.

(a) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, the Collateral Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against Holdings, the Borrower, or their respective properties in the courts of any jurisdiction.

(b) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any court located in the City of New York, Borough of Manhattan, or of the United States of America sitting in the Southern District of New York. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.16. ***Confidentiality***. Each of the Administrative Agent, the Collateral Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' officers, directors, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom

such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority or quasi-regulatory authority (such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) in connection with the exercise of any remedies hereunder or under the other Loan Documents or any suit, action or proceeding relating to the enforcement of its rights hereunder or thereunder, but only to the extent required or desirable in connection with such exercise or enforcement, (e) subject to an agreement containing provisions substantially the same as those of this Section 9.16, to (i) to the extent not an Excluded Lender, any actual or prospective assignee of or participant in any of its rights or obligations under this Agreement and the other Loan Documents or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Holdings, the Borrower or any Subsidiary or any of their respective obligations, (f) with the written consent of the Borrower or (g) to the extent such Information becomes publicly available other than as a result of a breach of this Section 9.16 by any Agent, any Lender or any of their Related Parties. For the purposes of this Section 9.16, "Information" shall mean all information received from Holdings, the Borrower or any Subsidiary and related to Holdings, the Borrower or any Subsidiary or their business, other than any such information that was available to the Administrative Agent, the Collateral Agent or any Lender on a nonconfidential basis prior to its disclosure by Holdings, the Borrower or any Subsidiary; *provided* that with respect to clause (c) above, if the Administrative Agent, the Collateral Agent or any Lender receives a subpoena, interrogatory or other request (verbal or otherwise) for any Information, or believes that it is legally required to disclose any of the Information to a third party, it shall, in advance of such disclosure, to the extent practicable and legally permissible, promptly provide to the Borrower written notice of any such request or requirement so that Borrower or the applicable Loan Party (or Subsidiary thereof) may seek a protective order or other remedy; *provided*, *further*, that it shall (1) exercise reasonable efforts to preserve the confidentiality of such Information, (2) to the extent legally permissible and practicable, use commercially reasonable efforts to provide Borrower, in advance of such disclosure, with copies of any Information it intends to disclose (and, if applicable, the text of the disclosure language itself), and (3) reasonably cooperate at the reasonable cost and expense of the Borrower with the Borrower or applicable Loan Party (or Subsidiary thereof) to the extent Borrower or such Loan Party (or Subsidiary thereof) seeks to limit such disclosures. Notwithstanding anything to the contrary herein or in any other Loan Document or otherwise, each of the Administrative Agent, the Collateral Agent and the Lenders agrees not to disclose any Information to any Excluded Lender under any circumstance. Except with respect to disclosing any Information to an Excluded Lender, any Person required to maintain the confidentiality of Information as provided in this Section 9.16 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord its own confidential information.

SECTION 9.17. ***USA PATRIOT Act Notice***. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Holdings, the Borrower and the Subsidiary Guarantors that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies Holdings, the Borrower and the Subsidiary Guarantors, which information includes the name and address of Holdings, the Borrower and the Subsidiary Guarantors and other information that will allow such Lender or the Administrative Agent, as applicable, to identify Holdings, the Borrower and the Subsidiary Guarantors in accordance with the USA PATRIOT Act.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SLS BREEZE INTERMEDIATE HOLDINGS, INC., as Holdingss

By: /s/ Charles Best
Name: Charles Best
Title: Vice President, Chief Financial Officer and Treasurer

BLACKLINE SYSTEMS, INC., as Borrower

By: /s/ Charles Best
Name: Charles Best
Title: Vice President, Chief Financial Officer and Treasurer

OBSIDIAN AGENCY SERVICES, INC., as Administrative Agent and Collateral Agent

By: /s/ David Hollander
Name: David Hollander
Title:

[Signature page to Credit Agreement]

SPECIAL VALUE CONTINUATION PARTNERS, LP

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name: Phil Tseng
Title: Managing Director

[Signature page to Credit Agreement]

TENNENBAUM OPPORTUNITIES FUND VI, LLC

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name: Phil Tseng
Title: Managing Director

[Signature Page to Credit Agreement]

TENNENBAUM SENIOR LOAN FUND II, LP

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name: Phil Tseng
Title: Managing Director

[Signature Page to Credit Agreement]

TENNENBAUM SENIOR LOAN SPV III, LLC

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name: Phil Tseng
Title: Managing Director

[Signature Page to Credit Agreement]

TENNENBAUM SENIOR LOAN FUND IV-B, LP

By: Tennenbaum Capital Partners, LLC
Its: Investment Manager

By: /s/ Phil Tseng
Name: Phil Tseng
Title: Managing Director

[Signature Page to Credit Agreement]

BLACKLINE, INC.
SLS BREEZE HOLDINGS, INC.
2014 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: March 3, 2014
APPROVED BY THE STOCKHOLDERS: March 3, 2014
TERMINATION DATE: March 2, 2024

1. GENERAL.

(a) Eligible Stock Award Recipients. The persons eligible to receive Stock Awards are Employees, Directors and Consultants.

(b) Available Stock Awards. The Plan provides for the grant of the following Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, and (v) Restricted Stock Unit Awards.

(c) Purpose. The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Stock Awards as set forth in Section 1(a), to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Stock Awards.

2. ADMINISTRATION.

(a) Administration by Board. The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (A) which of the persons eligible under the Plan shall be granted Stock Awards; (B) when and how each Stock Award shall be granted; (C) what type or combination of types of Stock Award shall be granted; (D) the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to receive cash or Common Stock pursuant to a Stock Award; (E) the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan or Stock Award fully effective.

(iii) To settle all controversies regarding the Plan and Stock Awards granted under it.

(iv) To accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(v) To suspend or terminate the Plan at any time. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to bring the Plan or Stock Awards granted under the Plan into compliance therewith, subject to the limitations, if any, of applicable law. However, except as provided in Section 9(a) relating to Capitalization Adjustments, to the extent required by applicable law, stockholder approval shall be required for any amendment of the Plan that either (A) increases the number of shares of Common Stock available for issuance under the Plan, (B) expands the class of individuals eligible to receive Stock Awards under the Plan, or (C) extends the term of the Plan. Except as provided above, rights under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 422 of the Code regarding Incentive Stock Options.

(viii) To approve forms of Stock Award Agreements for use under the Plan and to amend the terms of any one or more Stock Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Stock Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however,* that, the rights under any Stock Award shall not be impaired by any such amendment unless (i) the Company requests the consent of the affected Participant, and (ii) such Participant consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, and without the affected Participant's consent, the Board may amend the terms of any one or more Stock Awards if necessary to maintain the qualified status of the Stock Award as an Incentive Stock Option or to bring the Stock Award into compliance with Section 409A of the Code.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Stock Awards.

(x) To effect, at any time and from time to time, with the consent of any adversely affected Participant, (A) the reduction of the exercise price (or strike price) of any outstanding Option or Stock Appreciation Right under the Plan, (B) the cancellation of any outstanding Option or Stock Appreciation Right under the Plan and the grant in substitution therefore of (1) a new Option or Stock Appreciation Right under the Plan or another equity plan of the Company covering the same or a different number of shares of Common Stock, (2) a Restricted Stock Award, (3) a Restricted Stock Unit Award, (4) cash and/or (5) other valuable consideration (as determined by the Board, in its sole discretion), or (C) any other action that is treated as a repricing under generally accepted accounting principles; *provided, however*, that no such reduction or cancellation may be effected if it is determined, in the Company's sole discretion, that such reduction or cancellation would result in any such outstanding Option becoming subject to the requirements of Section 409A of the Code.

(c) Delegation to Committee. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(d) Delegation to an Officer. The Board may delegate to one or more Officers of the Company the authority to do one or both of the following: (i) designate Officers and Employees of the Company or any of its Subsidiaries to be recipients of Options and Stock Appreciation Rights (and, to the extent permitted by applicable law, other Stock Awards) and the terms thereof, and (ii) determine the number of shares of Common

Stock to be subject to such Stock Awards granted to such Officers and Employees; *provided, however,* that the Board resolutions regarding such delegation shall specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Notwithstanding the foregoing, the Board may not delegate authority to an Officer to determine the Fair Market Value pursuant to Section 13(s) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards beginning on the Effective Date shall not exceed 25,000,000 shares (the ***"Share Reserve"***). Furthermore, if a Stock Award (i) expires or otherwise terminates without having been exercised in full or (ii) is settled in cash (*i.e.*, the holder of the Stock Award receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of Common Stock that may be issued pursuant to the Plan. For clarity, the limitation in this Section 3(a) is a limitation in the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a).

(b) Reversion of Shares to the Share Reserve. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares which are forfeited shall revert to and again become available for issuance under the Plan. Also, any shares reacquired by the Company pursuant to Section 8(g) or as consideration for the exercise of an Option shall again become available for issuance under the Plan. Notwithstanding the provisions of this Section 3(b), any such shares shall not be subsequently issued pursuant to the exercise of Incentive Stock Options. With respect to Stock Appreciation Rights, only shares of Common Stock actually issued pursuant to a Stock Appreciation Right will cease to be available under the Plan and all remaining shares under Stock Appreciation Rights will remain available for future grant under the Plan.

(c) Incentive Stock Option Limit. Notwithstanding anything to the contrary in this Section 3(c), subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options shall be 25,000,000 shares of Common Stock.

(d) Source of Shares. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and (f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided*, *however*, Nonstatutory Stock Options and Stock Appreciation Rights may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company, as such term is defined in Rule 405, unless the stock underlying such Stock Awards is treated as "service recipient stock" under Section 409A of the Code because the Stock Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) Consultants. A Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or the sale of the Company's securities to such Consultant is not exempt under Rule 701 because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions**.**

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or Stock Appreciation Right shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, then the Option shall be a Nonstatutory Stock Option. The provisions of separate Options or Stock Appreciation Rights need not be identical; *provided*, *however*, that each Option Agreement or Stock Appreciation Right Agreement shall conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or Stock Appreciation Right shall be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Stock Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Incentive Stock Options granted to Ten Percent Stockholders, the exercise price (or strike price) of each Option or Stock Appreciation Right shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or Stock Appreciation Right on the date the Option or Stock Appreciation Right is granted. Notwithstanding the foregoing, an Option or Stock Appreciation Right may be granted with an exercise price (or strike price) lower than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or Stock Appreciation Right if such Option or Stock Appreciation Right is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Change in Control and in a manner consistent with the provisions of Sections 409A and 424(a) of the Code (whether or not such Stock Awards are Incentive Stock Options). Each Stock Appreciation Right will be denominated in shares of Common Stock equivalents.

(c) Consideration for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board shall have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) if the Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however,* that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; *provided, further,* that shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations;

(v) according to a deferred payment or similar arrangement with the Optionholder; *provided, however*, that interest shall **compound** at least annually and shall be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

(vi) in any other form of legal consideration that may be acceptable to the Board.

(d) Exercise and Payment of a Stock Appreciation Right. To exercise any outstanding Stock Appreciation Right, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such Stock Appreciation Right, and with respect to which the Participant is exercising the Stock Appreciation Right on such date, over (B) the strike price that will be determined by the Board at the time of grant of the Stock Appreciation Right. The appreciation distribution in respect to a Stock Appreciation Right may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(e) Transferability of Options and Stock Appreciation Rights. The Board may, in its sole discretion, impose such limitations on the transferability of Options and Stock Appreciation Rights as the Board shall determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and Stock Appreciation Rights shall apply:

(i) Restrictions on Transfer. An Option or Stock Appreciation Right shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant; *provided, however*, that the Board may, in its sole discretion, permit transfer of the Option or Stock Appreciation Right to such extent as permitted by Rule 701 and in a manner consistent with applicable tax and securities laws upon the Participant's request.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, an Option or Stock Appreciation Right may be transferred pursuant to a domestic relations order; *provided, however,* that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect Option exercises, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option or Stock Appreciation Right and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant's estate shall be entitled to exercise the Option or Stock Appreciation Right and receive the Common Stock or other consideration resulting from such exercise.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or Stock Appreciation Right may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or Stock Appreciation Right may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or Stock Appreciation Rights may vary. The provisions of this Section 5(f) are subject to any Option or Stock Appreciation Right provisions governing the minimum number of shares of Common Stock as to which an Option or Stock Appreciation Right may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that a Participant's Continuous Service terminates (other than for Cause or upon the Participant's death or Disability), the Participant may exercise his or her Option or Stock Appreciation Right (to the extent that the Participant was entitled to exercise such Stock Award as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date sixty (60) days following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than thirty (30) days if necessary to comply with applicable state laws) or (ii) the expiration of the term of the Option or Stock Appreciation Right as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or Stock Appreciation Right within the time specified herein or in the Stock Award Agreement (as applicable), the Option or Stock Appreciation Right shall terminate.

(h) Extension of Termination Date. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if the exercise of an Option or Stock Appreciation Right following the termination of the Participant's Continuous Service (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or Stock Appreciation Right shall terminate on the earlier of (i) the expiration of a period of three (3) months after the termination of the Participant's Continuous Service during which the exercise of the Option or Stock Appreciation Right would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or Stock Appreciation Right as set forth in the Stock Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received upon exercise of an Option or Stock Appreciation Right following the termination of the Participant's Continuous Service would violate the Company's insider trading policy, then the Option or Stock Appreciation Right shall terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or Stock Appreciation Right would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or Stock Appreciation Right as set forth in the applicable Stock Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or Stock Appreciation Right (to the extent that the Participant was entitled to exercise such Option or Stock Appreciation Right as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date six (6) months following such termination of Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than six (6) months if necessary to comply with applicable state laws), or (ii) the expiration of the term of the Option or Stock Appreciation Right as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or Stock Appreciation Right within the time specified herein or in the Stock Award Agreement (as applicable), the Option or Stock Appreciation Right shall terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if

any) specified in the Stock Award Agreement after the termination of the Participant's Continuous Service for a reason other than death, then the Option or Stock Appreciation Right may be exercised (to the extent the Participant was entitled to exercise such Option or Stock Appreciation Right as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or Stock Appreciation Right by bequest or inheritance or by a person designated to exercise the Option or Stock Appreciation Right upon the Participant's death, but only within the period ending on the earlier of (i) the date six (6) months following the date of death (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than six (6) months if necessary to comply with applicable state laws), or (ii) the expiration of the term of such Option or Stock Appreciation Right as set forth in the Stock Award Agreement. If, after the Participant's death, the Option or Stock Appreciation Right is not exercised within the time specified herein or in the Stock Award Agreement (as applicable), the Option or Stock Appreciation Right shall terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service is terminated for Cause, the Option or SAR shall terminate upon the termination date of such Participant's Continuous Service, and the Participant shall be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

(l) Non-Exempt Employees. No Option or Stock Appreciation Right granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable for any shares of Common Stock until at least six months following the date of grant of the Option or Stock Appreciation Right. Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, in the event of the Participant's death or Disability, upon a Change in Control in which the vesting of such Options or Stock Appreciation Rights accelerates, or upon the Participant's retirement (as such term may be defined in the Participant's Stock Award Agreement or in another applicable agreement or in accordance with the Company's then current employment policies and guidelines) any such vested Options Stock Appreciation Rights may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or Stock Appreciation Right will be exempt from his or her regular rate of pay.

(m) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 8(l), the Option or Stock Appreciation Right may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the exercise of the Option or Stock Appreciation Right.

(n) Right of First Refusal. The Option or Stock Appreciation Right may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option or Stock Appreciation Right. Such right of first refusal shall be subject to the "Repurchase Limitation" in Section 8(l). Except as expressly provided in this Section 5(n) or in the Stock Award Agreement, such right of first refusal shall otherwise comply with any applicable provisions of the Bylaws of the Company.

6. PROVISIONS OF RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNITS.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical; *provided*, *however*, that each Restricted Stock Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash or cash equivalents, (B) past or future services actually or to be rendered to the Company or an Affiliate, or (C) any other form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) Vesting. Subject to the "Repurchase Limitation" in Section 8(l), shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement or other agreement between the Participant and the Company.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board shall determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical, *provided, however,* that each Restricted Stock Unit Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all the terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement or other agreement between the Participant and the Company, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(vii) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Restricted Stock Unit Award granted under the Plan that is not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such Restricted Stock Unit Award will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Board and contained in the Restricted Stock Unit Award Agreement evidencing such Restricted Stock Unit Award. For example, such restrictions may include, without limitation, a requirement that any Common Stock that is to be issued in a year following the year in which the Restricted Stock Unit Award vests must be issued in accordance with a fixed pre-determined schedule.

7. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided*, *however*, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant shall not be eligible for the grant of a Stock Award or the subsequent issuance of Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify. The Company shall have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

8. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of a Stock Award to any Participant shall be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant.

(c) Stockholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Stock Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Incentive Stock Option $100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(f) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (x) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (y) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(g) Withholding Obligations. Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided*, *however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding payment from any amounts otherwise payable to the Participant; (iv) withholding cash from a Stock Award settled in cash; or (v) by such other method as may be set forth in the Stock Award Agreement.

(h) Electronic Delivery. Any reference herein to a "written" agreement or document shall include any agreement or document delivered electronically or posted on the Company's intranet.

(i) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections

to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(j) Compliance with Section 409A. To the extent that the Board determines that any Stock Award granted hereunder is subject to Section 409A of the Code, the Stock Award Agreement evidencing such Stock Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Stock Award Agreements shall be interpreted in accordance with Section 409A of the Code.

(k) Compliance with Exemption Provided by Rule 12h-1(f). If: (i) the aggregate of the number of Optionholders and the number of holders of all other outstanding compensatory employee stock options to purchase shares of Common Stock equals or exceeds five hundred (500), and (ii) the assets of the Company at the end of the Company's most recently completed fiscal year exceed $10 million, then the following restrictions shall apply during any period during which the Company does not have a class of its securities registered under Section 12 of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act: (A) the Options and, prior to exercise, the shares of Common Stock acquired upon exercise of the Options may not be transferred until the Company is no longer relying on the exemption provided by Rule 12h-1(f) promulgated under the Exchange Act ("***Rule 12h-1(f)***"), except: (1) as permitted by Rule 701(c) promulgated under the Securities Act, (2) to a guardian upon the disability of the Optionholder, or (3) to an executor upon the death of the Optionholder (collectively, the "***Permitted Transferees***"); *provided, however*, the following transfers are permitted: (i) transfers by the Optionholder to the Company, and (ii) transfers in connection with a change of control or other acquisition involving the Company, if following such transaction, the Options no longer remain outstanding and the Company is no longer relying on the exemption provided by Rule 12h-1(f); *provided further*, that any Permitted Transferees may not further transfer the Options; (B) except as otherwise provided in (A) above, the Options and shares of Common Stock acquired upon exercise of the Options are restricted as to any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" as defined by Rule 16a-1(h) promulgated under the Exchange Act, or any "call equivalent position" as defined by Rule 16a-1(b) promulgated under the Exchange Act by the Optionholder prior to exercise of an Option until the Company is no longer relying on the exemption provided by Rule 12h-1(f); and (C) at any time that the Company is relying on the exemption provided by Rule 12h-1(f), the Company shall deliver to Optionholders (whether by physical or electronic delivery or written notice of the availability of the information on an internet site) the information required by Rule 701(e)(3), (4), and (5) promulgated under the Securities Act every six (6) months, including financial statements that are not more than one hundred eighty (180) days old; *provided, however*, that the Company may condition the delivery of such information upon the Optionholder's agreement to maintain its confidentiality.

(l) Repurchase Limitation. The terms of any repurchase right shall be specified in the Stock Award Agreement. The repurchase price for vested shares of Common Stock shall be the Fair Market Value of the shares of Common Stock on the date of repurchase. The repurchase price for unvested shares of Common Stock shall be the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase or (ii) their original purchase price. However, the Company shall not exercise its repurchase right until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Stock Award as a liability for financial accounting purposes) have elapsed following delivery of shares of Common Stock subject to the Stock Award, unless otherwise specifically provided by the Board.

9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the

exercise of Incentive Stock Options pursuant to Section 3(c), and (iii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided*, *however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Change in Control. The following provisions shall apply to Stock Awards in the event of a Change in Control unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the holder of the Stock Award or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. Except as otherwise stated in the Stock Award Agreement, in the event of a Change in Control, then, notwithstanding any other provision of the Plan, the Board shall take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Change in Control:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Change in Control);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Change in Control as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five (5) days prior to the effective date of the Change in Control), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Change in Control;

(iv) arrange for the lapse of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Change in Control, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the holder of the Stock Award would have received upon the exercise of the Stock Award, over (B) any exercise price payable by such holder in connection with such exercise. The Board need not take the same action with respect to all Stock Awards or with respect to all Participants.

10. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated by the Board pursuant to Section 2, the Plan shall automatically terminate on the day before the tenth (10th) anniversary of the earlier of (i) the date the Plan is adopted by the Board, or (ii) the date the Plan is approved by the stockholders of the Company. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant.

11. EFFECTIVE DATE OF PLAN.

This Plan shall become effective on the Effective Date.

12. CHOICE OF LAW.

The law of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. DEFINITIONS.

As used in the Plan, the following definitions shall apply to the capitalized terms indicated below:

(a) "***Affiliate***" means, at the time of determination, any "parent" or "majority-owned subsidiary" of the Company, as such terms are defined in Rule 405 of the Securities Act. The Board shall have the authority to determine the time or times at which "parent" or "majority- owned subsidiary" status is determined within the foregoing definition.

(b) "***Board***" means the Board of Directors of the Company.

(c) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards No. 123 (revised). Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(d) "***Cause***" shall have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means with respect to a Participant, the occurrence of any of the following events: (i) Participant's willful failure to perform his or her duties and responsibilities to the Company or deliberate violation of a Company policy; (ii) Participant's commission of any act of dishonesty, fraud, misconduct, insubordination, unauthorized use or disclosure of confidential information or trade secrets, or conviction or confession of a crime punishable by law (except minor violations) or any other willful misconduct that has caused or is reasonably expected to result in material injury to the Company; (iii) unauthorized use or disclosure by Participant of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or (iv) Participant's willful breach of any of his or her obligations under any written agreement or covenant with the Company. The determination as to whether a Participant is being terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time as provided in Section 8(d), and the term "Company" will be interpreted to include any Subsidiary, Parent, Affiliate or successor thereto, if appropriate.

(e) "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) the consummation of a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) the consummation of a sale or other disposition of more than fifty percent (50%) of the outstanding securities of the Company;

(iii) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation;

(iv) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise; or

(v) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (C) solely because the level of Ownership held by any Exchange Act Person (the "*Subject Person*") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur. Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however,* that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(f) "***Code***" means the Internal Revenue Code of 1986, as amended, as well as any applicable regulations and guidance thereunder.

(g) "***Committee***" means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(h) "***Common Stock***" means the common stock of the Company.

(i) "***Company***" means SLS Breeze Holdings, Inc. a Delaware corporation.

(j) "***Consultant***" means any natural person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a "Consultant" for purposes of the Plan.

(k) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director, or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, shall not terminate a Participant's Continuous Service; *provided*, *however*, if the Entity for which a Participant is rendering service ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant's Continuous Service shall be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an employee of the Company to a consultant of an Affiliate or to a Director shall not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(l) "***Director***" means a member of the Board.

(m) "***Disability***" means the inability of a Participant to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(n) "***Effective Date***" means the effective date of this Plan, which is the earlier of (i) the date that this Plan is first approved by the Company's stockholders, or (ii) the date this Plan is adopted by the Board.

(o) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an "Employee" for purposes of the Plan.

(p) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(q) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(r) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(s) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined by the Board in compliance with Section 409A of the Code or, in the case of an Incentive Stock Option, in compliance with Section 422 of the Code.

(t) "***Incentive Stock Option***" means an option that qualifies as an "incentive stock option" within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(u) "***Nonstatutory Stock Option***" means an Option that does not qualify as an Incentive Stock Option.

(v) "***Officer***" means any person designated by the Company as an officer.

(w) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(x) "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(y) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(z) "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or Entity shall be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(aa) "***Participant***" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(bb) "***Plan***" means this SLS Breeze Holdings, Inc. 2014 Equity Incentive Plan.

(cc) "***Restricted Stock Award***" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(dd) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award. Each Restricted Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(ee) "***Restricted Stock Unit Award***" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(ff) "***Restricted Stock Unit Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement shall be subject to the terms and conditions of the Plan.

(gg) "***Rule 405***" means Rule 405 promulgated under the Securities Act.

(hh) "***Rule 701***" means Rule 701 promulgated under the Securities Act.

(ii) "***Securities Act***" means the Securities Act of 1933, as amended.

(jj) "***Stock Appreciation Right***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(kk) "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement shall be subject to the terms and conditions of the Plan.

(ll) "***Stock Award***" means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, or a Stock Appreciation Right.

(mm) "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(nn) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) .

(oo) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.

BLACKLINE, INC.
STOCK OPTION GRANT NOTICE
(2014 EQUITY INCENTIVE PLAN)

BlackLine, Inc. (the "***Company***"), pursuant to the 2014 SLS Breeze Holdings, Inc. Equity Incentive Plan (the "***Plan***"), hereby grants to Optionholder an option to purchase the number of shares of the Company's Common Stock set forth below. This option is subject to all of the terms and conditions as set forth herein and in the Option Agreement, the Plan, and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Type of Grant: Nonstatutory Stock Option

Vesting Schedule: Twenty-five percent (25%) of the shares (rounded down to the nearest whole number of shares) vest on each of the first four anniversaries of the Vesting Commencement Date.

Payment: By one or a combination of the following items (described in the Option Agreement):

☐ By cash or check
☐ Pursuant to a Regulation T Program if the Shares are publicly traded
☐ By delivery of already-owned shares if the Shares are publicly traded
☐ By "net exercise" whereby the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price

Additional Terms/Acknowledgements: The undersigned Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding the acquisition of stock in the Company and supersede all prior oral and written agreements on that subject with the exception of options previously granted and delivered to Optionholder under the Plan.

Optionee acknowledges and agrees that the grant of this option and the issuance of shares of Common Stock upon exercise are subject to Optionee's execution and delivery to the Company of this Stock Option Grant Notice and the Confidential Information and Inventions Assignment Agreement, and Optionee's continued compliance with the terms and conditions of the Confidential Information and Inventions Assignment Agreement. By Optionee's signature below, Optionee hereby agrees to abide by the terms of and conditions of the Confidential Information and Inventions Assignment Agreement.

BLACKLINE, INC.

By: _____
Signature
Title:
Date:

OPTIONHOLDER:

By: _____
Signature
Date:

ATTACHMENTS: Option Agreement, 2014 Equity Incentive Plan and Notice of Exercise

Exhibit 10.4

AMENDMENT NO. 1 TO THE
BLACKLINE, INC. 2014 EQUITY INCENTIVE PLAN

This Amendment No. 1 ("Amendment") to the BlackLine, Inc. 2014 Equity Incentive Plan (f/k/a the SLS Breeze Holdings, Inc. 2014 Equity Incentive Plan) (the "Plan") is made by BlackLine, Inc. ("BlackLine") on July 8, 2015 (the "Amendment Effective Date").

WHEREAS, the BlackLine Board of Directors and Shareholders adopted the Plan on March 3, 2014;

WHEREAS, the BlackLine Board of Directors and a majority of its Shareholders approved an amendment to the Plan on February 25, 2015 authorizing an increased number of shares of Common Stock that may be issued as Stock Awards; and

WHEREAS, BlackLine desires to amend the Plan in a manner consistent with the foregoing amendments.

NOW, THEREFORE, the Plan is modified as follows.

1. Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the Plan.

2. Section 3(a) of the Plan, shall be replaced in its entire with the following:

> **"Share Reserve.** Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards beginning on the Effective Date shall not exceed 30,000,000 shares (the "**Share Reserve**"). Furthermore, if a Stock Award (i) expires or otherwise terminates without having been executed in full or (ii) is settled in cash (i.e., the holder of the Stock Award receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of Common Stock that may be issued pursuant to the Plan. For clarity, the limitation set forth in this Section 3(a) is a limitation in the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a)."

3. Except as expressly provided in this Amendment, all of the terms and provisions of the Plan are and will remain in full force and effect and are hereby ratified and confirmed.

IN WITNESS WHEREOF, BlackLine has caused the officer set forth below to execute this Amendment as of the Amendment Effective Date.

BLACKLINE, INC.

By: /s/ Therese Tucker

Name: Therese Tucker

Title: Chief Executive Officer

Date: July 8, 2015

Exhibit 10.5

AMENDMENT NO. 2 TO THE
BLACKLINE, INC. 2014 EQUITY INCENTIVE PLAN

This Amendment No. 2 ("Amendment") to the BlackLine, Inc. 2014 Equity Incentive Plan (f/k/a the SLS Breeze Holdings, Inc. 2014 Equity Incentive Plan) (the "Plan") is made by BlackLine, Inc. ("BlackLine") on August 26, 2015 (the "Amendment Effective Date").

WHEREAS, the BlackLine Board of Directors and Shareholders adopted the Plan on March 3, 2014;

WHEREAS, the BlackLine Board of Directors and Shareholders adopted Amendment No. 1 to the Plan, each on February 25, 2015;

WHEREAS, the BlackLine Board of Directors and a majority of its Shareholders approved an amendment to the Plan on August 5, 2015 and August 24, 2015, respectively, authorizing an increased number of shares of Common Stock that may be issued as Stock Awards; and

WHEREAS, BlackLine desires to amend the Plan in a manner consistent with the foregoing amendments.

NOW, THEREFORE, the Plan is modified as follows.

1. Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the Plan.

2. Section 3(a) of the Plan, shall be replaced in its entire with the following:

> **"Share Reserve.** Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards beginning on the Effective Date shall not exceed 30,646,185 shares (the "**Share Reserve**"). Furthermore, if a Stock Award (i) expires or otherwise terminates without having been executed in full or (ii) is settled in cash (i.e., the holder of the Stock Award receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of Common Stock that may be issued pursuant to the Plan. For clarity, the limitation set forth in this Section 3(a) is a limitation in the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a)."

3. Except as expressly provided in this Amendment, all of the terms and provisions of the Plan are and will remain in full force and effect and are hereby ratified and confirmed.

IN WITNESS WHEREOF, BlackLine has caused the officer set forth below to execute this Amendment as of the Amendment Effective Date.

BLACKLINE, INC.

By: /s/ Therese Tucker

Name: Therese Tucker

Title: Chief Executive Officer

Date: 8-26-2015

Exhibit 10.6

AMENDMENT NO. 3 TO THE
BLACKLINE, INC. 2014 EQUITY INCENTIVE PLAN

This Amendment No. 3 ("Amendment") to the BlackLine, Inc. 2014 Equity Incentive Plan (f/k/a the SLS Breeze Holdings, Inc. 2014 Equity Incentive Plan) (the "Plan") is made by BlackLine, Inc. ("BlackLine") on 12-14, 2015 (the "Amendment Effective Date").

WHEREAS, the BlackLine Board of Directors and Shareholders adopted the Plan on March 3, 2014;

WHEREAS, the BlackLine Board of Directors and a majority of its Shareholders approved an amendment to the Plan on February 25, 2015 authorizing an increased number of shares of Common Stock that may be issued as Stock Awards;

WHEREAS, BlackLine adopted Amendment No. 1 to the Plan on July 28, 2015 authorizing an increased number of shares of Common Stock that may be issued as Stock Awards;

WHEREAS, the BlackLine Board of Directors and a majority of its Shareholders approved an amendment to the Plan on August 5, 2015 and August 24, 2015, respectively, authorizing an increased number of shares of Common Stock that may be issued as Stock Awards; and

WHEREAS, BlackLine adopted Amendment No. 2 to the Plan on August 26, 2015 authorizing an increased number of shares of Common Stock that may be issued as Stock Awards.

WHEREAS, BlackLine desires to amend the Plan in a manner consistent with the foregoing amendments.

NOW, THEREFORE, the Plan is modified as follows.

1. Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the Plan.

2. Section 3(a) of the Plan, shall be replaced in its entire with the following:

> **"Share Reserve.** Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards beginning on the Effective Date shall not exceed 32,007,310 shares (the "**Share Reserve**"). Furthermore, if a Stock Award (i) expires or otherwise terminates without having been executed in full or (ii) is settled in cash (i.e., the holder of the Stock Award receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of Common Stock that may be issued pursuant to the Plan. For clarity, the limitation set forth in this Section 3(a) is a limitation in the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a)."

3. Except as expressly provided in this Amendment, all of the terms and provisions of the Plan are and will remain in full force and effect and are hereby ratified and confirmed.

IN WITNESS WHEREOF, BlackLine has caused the officer set forth below to execute this Amendment as of the Amendment Effective Date.

BLACKLINE, INC.

By: /s/ Karole Morgan-Prager

Name: Karole Morgan-Prager

Title: Chief Legal Officer

Date: DECEMBER 14, 2015

Exhibit 16.1

February 8, 2016

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Dear Ladies and Gentlemen:

We have read the section entitled “Changes in and Disagreements with Accountants on Accounting and Financial Disclosure” in the Registration Statement on Form S-1 of BlackLine, Inc. (the “Company”) and agree with paragraphs 1, 2, and 3 in this section, except that we are not in a position to agree or disagree with the Company’s statement regarding the engagement of PricewaterhouseCoopers LLP in paragraph 1. We have no basis to agree or disagree with other statements of the Company contained therein.

/s/ Moss Adams LLP

Exhibit 21.1

LIST OF SUBSIDIARIES OF THE COMPANY

Name of Subsidiary	Jurisdiction of Incorporation
BlackLine Intermediate, Inc.	Delaware
BlackLine Systems, Inc.	Delaware
BlackLine Systems Pty Ltd.	Australia
BlackLine Systems, Ltd.	Canada
BlackLine Systems S.a r.l.	France
BlackLine Systems Gmb H	Germany
BlackLine Systems Pte. Ltd.	Singapore
BlackLine Systems Limited	United Kingdom