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As confidentially submitted to the Securities and Exchange Commission on November 6, 2015

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Delaware	**7372**	**26-2574840**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

645 Harrison Street, Third Floor
San Francisco, California 94107
(415) 390-2337
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Jeff Lawson
Chief Executive Officer
Twilio Inc.
645 Harrison Street, Third Floor
San Francisco, California 94107
(415) 390-2337
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Anthony J. McCusker, Esq. **Rezwan D. Pavri, Esq.** **Goodwin Procter LLP** **135 Commonwealth Drive** **Menlo Park, California 94025** **(650) 752-3100**	**Karyn Smith, Esq.** **Twilio Inc.** **645 Harrison Street, Third Floor** **San Francisco, California 94107** **(415) 390-2337**	**Christopher L. Kaufman, Esq.** **Tad J. Freese, Esq.** **Latham & Watkins LLP** **140 Scott Drive** **Menlo Park, CA 94025** **(650) 328-4600**

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: o

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. o

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. o

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. o

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee(2)**
Common stock, $0.001 par value per share	$	$

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes the additional shares that the underwriters have the option to purchase from the Registrant, if any.

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 .

Shares

Twilio Inc.

Common Stock

This is an initial public offering of shares of common stock of Twilio 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 list the common stock on the under the symbol " ."

We are an "emerging growth company" as defined under the federal securities laws and, as such, we have elected to comply with reduced reporting requirements for this prospectus and may elect to do so in future filings.

See "Risk Factors" beginning on page 15 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 discount[(1)]	$	$
Proceeds, before expenses, to Twilio	$	$

(1) See the section titled "Underwriting" for additional information regarding 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 Twilio at the initial public offering price less the underwriting discount.

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

Goldman, Sachs & Co. **J.P. Morgan**

Allen & Company LLC **Pacific Crest Securities**
a division of KeyBanc Capital Markets

JMP Securities **William Blair** **Canaccord Genuity**

Prospectus dated .

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Prospectus

Through and including (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 and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this 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 of 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 common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors" and "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 making an investment decision. Unless the context otherwise requires, the terms "Twilio," "the company," "we," "us" and "our" in this prospectus refer to Twilio Inc. and its consolidated subsidiaries.

TWILIO INC.

Overview

Software developers are reinventing nearly every aspect of business today. Yet as developers, we repeatedly encountered an area where we could not innovate—communications. Because communication is a fundamental human activity and vital to building great businesses, we wanted to incorporate communications into our software applications, but the barriers to innovation were too high. Twilio was started to solve this problem.

Twilio enables more meaningful communications through software.

Cloud platforms, a new category of software that enables developers to build and manage applications without the complexity of creating and maintaining the underlying infrastructure, have arisen to enable a fast pace of innovation across a range of categories. We are the market leader in the Cloud Communications Platform category, and we enable developers to build, scale and operate real-time communications within software applications.

Our developer-first platform approach consists of three things: our Programmable Communications Cloud, Super Network and Business Model for Innovators. Our Programmable Communications Cloud software enables developers to embed voice, messaging, connectivity, video and authentication capabilities into their applications via our simple-to-use Application Programming Interfaces, or APIs. The Super Network is our software layer that allows our customers' software to communicate with connected devices globally. It interconnects with communications networks around the world and continually analyzes data to optimize the quality and cost of communications that flow through our platform. Our Business Model for Innovators empowers developers by reducing friction and upfront costs, encouraging experimentation and enabling developers to grow as customers as their ideas succeed.

We have over 21,000 Active Customers, representing organizations big and small, old and young, across nearly every industry, with one thing in common: they are competing by using the power of software to build differentiation through communications. With our platform, our customers are disrupting existing industries and creating new ones. For example, our customers have reinvented hired transportation by connecting riders and drivers, with communications as a critical part of each transaction. Our customers' software applications use our platform to notify a diner when a table is ready, a traveler when a flight is delayed or a shopper when a package has shipped. The range of applications that developers build with the Twilio platform has proven to be nearly limitless.

Our goal is for Twilio to be in the toolkit of every software developer in the world. To date, over 800,000 developer accounts have been registered on our platform. Because big ideas often start small, we encourage developers to experiment and iterate on our platform. We love when developers explore what they can do with Twilio, because one day they may have a business problem that they will use our products to solve.

As our customers succeed, we share in their success through our usage-based revenue model. Our revenue grows as customers increase their usage of a product, extend their usage of a product to new applications or adopt a new product. We believe the most useful indicator of the increased activity from our existing customers is our Dollar-Based Net Expansion Rate, which was 147% for the six months ended June 30, 2015. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics—Dollar-Based Net Expansion Rate."

We have achieved significant growth in recent periods. For the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015, our revenue was $49.9 million, $88.8 million and $71.3 million, respectively. We generated a net loss of $26.9 million, $26.8 million and $18.2 million for the years ended December 31, 2013 and 2014, and the six months ended June 30, 2015, respectively.

Industry Background

Trends in Our Favor

Rise of Software Developers

Today, software is used to disrupt industries and transform products and services, thereby redefining how organizations engage with their customers. This shift has significantly increased the value and influence of software developers across organizations of all sizes and industries.

Differentiation Must Increasingly Be Built, Not Bought

In order for organizations to deliver differentiated customer experiences that build or extend competitive advantage, they are increasingly adding the software development competencies necessary to build applications that delight their customers. In fact, Gartner predicts that by 2020, 75% of application purchases supporting digital business will be "build, not buy."

Agility of Software Accelerates Pace of Innovation

The way organizations build, deploy and scale modern applications has fundamentally changed. Organizations must continuously bring new applications and features to market to differentiate themselves from their competitors and to build and extend their competitive advantage. Heightened consumer expectations for real-time, personalized interaction further necessitate rapid innovation. In order to satisfy these needs, developers must be empowered to freely experiment, quickly prototype and rapidly deploy new applications that are massively scalable. Legacy infrastructure does not support this new paradigm for developers because it typically has been slow, complex and costly to implement, and inflexible to operate and iterate.

Cloud Platforms As Building Blocks for Modern Applications

Cloud platforms, a new category of software that enables developers to build and manage applications without the complexity of creating and maintaining the underlying infrastructure, have arisen to enable the fast pace of innovation required by modern applications. These platforms typically provide global, scalable and cost-effective solutions. Cloud platforms are emerging across a range of categories, including analytics, communications, computing, mapping, payments and storage. These cloud platforms are enabling every organization, from small startups to Fortune 500 enterprises, to experiment, prototype and deploy next-generation applications.

Contextual Communications Are Transforming Applications

Communication is fundamental to human activity and vital to building great businesses. While software has transformed business, communications technology has largely failed to evolve. In fact, the phone app on today's smartphones is merely a touch screen representation of the push-button phone invented in the 1960s.

Today, there is demand for communications to be embedded into applications where communications can be deeply integrated with the context of users' lives, such as personal and business identities, relationships, locations and daily schedules. This type of contextual communications enables developers to build the powerful applications that are differentiating organizations. Whether an application is designed to book a hotel, hail a ride or aid a delayed traveler, enabling users to seamlessly communicate in context is critical to a delightful experience. Contextual communications are transforming applications and replacing siloed communications applications, such as the phone app.

Limitations of Legacy Products

Legacy products were not designed with the software mindset and are therefore unable to address the foregoing trends. These products tend to be monolithic, costly, complicated, geopolitically bounded and impractical to scale, all of which hinder innovation. As a result, many innovative ideas have never even been attempted with legacy products, let alone realized. Over time, many attempts have been made to evolve the communications industry with software. However, we believe that no legacy product has truly empowered the global developer community to transform their applications with communications.

Our Platform Approach

Twilio enables more meaningful communications through software. We enable developers to build, scale and operate real-time communications within software applications.

Our Programmable Communications Cloud, Super Network and Business Model for Innovators work together to create value for our customers and a competitive advantage for our company.

Our Programmable Communications Cloud. Our Programmable Communications Cloud consists of software products that can be used individually or in combination to build rich contextual communications within applications. Our Programmable Communications Cloud includes:

- **Programmable Voice**. Our Programmable Voice software products allow developers to build solutions to make and receive phone calls globally, and incorporate advanced voice functionality such as text-to-speech, conferencing, recording and transcription. Programmable Voice, through our advanced call control software, allows developers to build customized applications that address use cases such as contact centers, call tracking and analytics solutions and anonymized communications.

- **Programmable Messaging.** Our Programmable Messaging software products allow developers to build solutions to send and receive text messages globally, and incorporate advanced messaging functionality such as emoji, picture messaging and localized languages. Our customers use Programmable Messaging, through software controls, to power use cases such as appointment reminders, delivery notifications, order confirmations and customer care.

- **Programmable Connectivity.** We allow enterprises to connect legacy hardware-based communications equipment to our Super Network, which enables elastic scaling, global reach and instant provisioning.

- **Programmable Video.** Our recently introduced Programmable Video software products enable developers to build next-generation mobile and web applications with embedded video, including for use cases such as customer care, collaboration and physician consultations.

- **Use Case APIs.** While developers can build a broad range of applications on our platform, certain use cases are more common. Our Use Case APIs build upon the above products to offer more fully implemented functionality for a specific purpose, such as two-factor authentication, thereby saving developers significant time in building their applications.

Our Super Network. Our Programmable Communications Cloud is built on top of our global software layer, which we call our Super Network. Our Super Network interfaces intelligently with communications networks globally. We do not own any physical network infrastructure. We use software to build a high performance network that optimizes performance for our customers. Our Super Network breaks down the geopolitical boundaries and scale limitations of the physical network infrastructure.

Our platform has global reach, consisting of 22 cloud data centers in seven regions. We interconnect those cloud data centers with network service providers around the world, giving us redundant means to reach users globally. We are continually adding new network service provider relationships as we scale.

Our Super Network analyzes massive volumes of data from end users, their applications and the communications networks to optimize our customers' communications for quality and cost. With every new message and call, our Super Network becomes more robust, intelligent and efficient, enabling us to provide better performance at lower prices to our customers. Our Super Network's sophistication becomes increasingly difficult for others to replicate over time.

Our Business Model for Innovators. Big ideas often start small, and therefore developers need the freedom and tools to experiment and iterate on their ideas. In order to empower developers to experiment, our developer-first business model is low friction, eliminating the upfront costs, time and complexity that hinder innovation. Developers can begin building with a free trial. Once developers determine that our software meets their needs, they can flexibly increase consumption and pay based on usage. In short, we acquire developers like consumers and enable them to spend like enterprises.

Strengths of Our Platform Approach

Our platform was built by developers for developers, and our approach has the following strengths:

- **Developer Mind Share.** We are recognized as the leading platform for cloud communications, and we believe we set the standard for developers to build, scale and operate real-time communications within software applications.

- **Composable.** We are a platform company focused on providing software developers with the necessary building blocks to compose communications solutions that can be integrated into their applications. We believe this enables developers to build differentiated applications for a nearly limitless range of use cases.

- **Comprehensive.** Our Programmable Communications Cloud offers a breadth of functionality, including voice, messaging and video, all with global reach and across devices.
- **Easy to Get Started.** Developers can begin building with a free trial, allowing them to experiment and iterate on our platform. This approach eliminates the upfront costs and complexity that typically hinder innovation.
- **Easy to Build.** We designed our APIs so developers could quickly learn, access and build upon our Programmable Communications Cloud.
- **Easy to Scale.** Our platform allows our customers to scale elastically without having to rearchitect their applications or manage communications infrastructure.
- **Multi-Tenant Architecture.** Our multi-tenant architecture enables all of our customers to operate on our platform while securely partitioning their application usage and data. In addition, our Solution Partner customers, which embed our products in the solutions they sell to other businesses, rely on our multi-tenant platform to independently manage their own customers' activity.
- **Reliable.** Our platform consists of fault-tolerant and globally-distributed systems that have enabled our customers to operate their applications without significant failures or downtime.
- **Global.** Customers can write an application once and configure it to operate in nearly every country in the world without any change to the code.

Our Opportunity

Gartner estimates that in 2015, $3.8 trillion will be spent on information technology globally, and 43% of all IT spending will be on communications. The $1.6 trillion spent on communications software and hardware represents almost five times the amount spent on enterprise software and 10 times the amount spent on data centers. We believe the limitations of existing hardware- and network-centric communications products historically have anchored the communications technology market in high cost and low functionality. Over time, we believe that a meaningful portion of the $1.6 trillion spent on communications technology will migrate from existing hardware- and network-centric communications products to contextual communications solutions that are integrated into software applications.

Our Programmable Communications Cloud includes a suite of software products, including Programmable Voice, Programmable Messaging, Programmable Video, Programmable Connectivity and Programmable Authentication. As a result, our platform currently addresses significant portions of several large markets that, in aggregate, have been estimated by IDC to be $47.4 billion in 2017.

Specifically, IDC estimates that, in 2017:

- The Worldwide Application-to-Person SMS market will be $29.4 billion. Our Programmable Messaging products address portions of this market.
- Certain segments of the Worldwide Unified Communications and Collaboration market will be $16.4 billion. Our Programmable Voice and Programmable Video products address portions of these market segments.
- The Advanced Authentication segment of the Worldwide Identity and Access Management market will be $1.6 billion. Our Programmable Authentication products address portions of this market segment.

In addition, our Programmable Connectivity products address portions of the SIP Trunking market, which Infonetics expects to be $8.0 billion in 2018.

Our Growth Strategy

We are the leader in the Cloud Communications Platform category and intend to continue to set the pace for innovation. We intend to pursue the following growth strategies:

- **Continue Significant Investment in our Technology Platform.** We will continue to invest in building new software capabilities and extending our platform to bring the power of contextual communications to a broader range of applications, geographies and customers.
- **Grow Our Developer Community and Accelerate Adoption.** To date, over 800,000 developer accounts have been registered on our platform. We will continue to enhance our relationships with developers globally and seek to increase the number of registered developers on our platform. In addition to adding new developers, we believe there is significant opportunity for revenue growth from existing registered developer accounts.
- **Increase Our International Presence.** Our platform operates in over 180 countries today, making it as simple to communicate from São Paulo as it is from San Francisco. We plan to grow internationally by expanding our operations outside of the United States and collaborating with international strategic partners.
- **Further Enable Solution Partner Customers.** We have relationships with a number of Solution Partner customers that embed our products in the solutions that they sell to other businesses. We intend to expand our relationships with existing Solution Partner customers and to add new Solution Partner customers.
- **Expand Focus on Enterprises.** We plan to drive greater awareness and adoption of Twilio from enterprises across industries. We intend to increase our investment in sales and marketing to meet evolving enterprise needs globally, in addition to extending our enterprise-focused platform capabilities and use cases.
- **Expand ISV and SI Partnerships.** We intend to continue to invest and develop the ecosystem for our solutions in partnership with independent software vendors, or ISVs, and system integrators, or SIs, to accelerate awareness and adoption of our platform.
- **Selectively Pursue Acquisitions and Strategic Investments.** We may selectively pursue acquisitions and strategic investments in businesses and technologies that strengthen our platform.

Our Values and Leadership Principles

Our core values are at the center of everything that we do. As a company built by developers for developers, these values guide us to work in a way that exemplifies many attributes of the developer ethos. Our values provide a guide for the way our teams work, communicate, set goals and make decisions.

We believe leadership is a behavior, not a position. In addition to our values, we have articulated the leadership traits we all strive to achieve. Our leadership principles apply to every Twilion, not just managers or executives, and provide a personal growth path for employees in their journies to become better leaders.

The combination of core values and leadership principles has created a blueprint for how Twilions worldwide interact with customers and with each other, and for how they respond to new challenges and opportunities.

Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. Some of these risks are:

- The market for our products and platform is new and unproven, may decline or experience limited growth, and is dependent in part on developers continuing to adopt our platform and use our products.
- We have a history of losses and we are uncertain about our future profitability.
- We have experienced rapid growth and expect our growth to continue, and if we fail to effectively manage our growth, then our business, results of operations and financial condition could be adversely affected.
- Our quarterly results may fluctuate, and if we fail to meet securities analysts' and investors' expectations, then the trading price of our common stock and the value of your investment could decline substantially.
- If we are not able to maintain and enhance our brand and increase market awareness of our company and products, then our business, results of operations and financial condition may be adversely affected.
- Our business depends on customers increasing their use of our products and any loss of customers or decline in their use of our products could materially and adversely affect our business, results of operations and financial condition.
- If we are unable to attract new customers in a cost-effective manner, then our business, results of operations and financial condition would be adversely affected.
- If we do not develop enhancements to our products and introduce new products that achieve market acceptance, our business, results of operations and financial condition could be adversely affected.
- If we are unable to increase adoption of our products by enterprises, our business, results of operations and financial condition may be adversely affected.
- Our future success depends in part on our ability to drive the adoption of our products by international customers.
- The market in which we participate is intensely competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed.
- Upon completion of this offering, our executive officers, directors and holders of 5% or more of our common stock will collectively beneficially own approximately % of the outstanding shares of our common stock and continue to have substantial control over us, which will limit your ability to influence the outcome of important transactions, including a change in control.

Channels for Disclosure of Information

Investors, the media and others should note that, following the completion of this offering, we intend to announce material information to the public through filings with the Securities and Exchange Commission, or the SEC, the investor relations page on our website, press releases and public conference calls and webcasts.

Corporate Information

Twilio Inc. was incorporated in Delaware in March 2008. Our principal executive offices are located at 645 Harrison Street, Third Floor, San Francisco, California 94107, and our telephone number is (415) 390-2337. Our website address is www.twilio.com. Information contained on, or that can be accessed through, our website does not constitute part of this prospectus and inclusions of our website address in this prospectus are inactive textual references only.

"Twilio" and "TwiML," and our other registered or common law trade names, trademarks, or service marks appearing in this prospectus are our property. Other trademarks and trade names referred to in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012. We will remain an emerging growth company until the earlier of (1) December 31, 2021 (the last day of the fiscal year following the fifth anniversary of our initial public offering), (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.0 billion, (3) the last day of the fiscal year in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by nonaffiliates is equal to or exceeds $700 million as of the prior June 30th, and (4) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. We refer to the Jumpstart Our Business Startups Act of 2012 herein as the "JOBS Act," and any reference herein to "emerging growth company" has the meaning ascribed to it in the JOBS Act.

An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, including in this prospectus; 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 have elected to take advantage of certain of the reduced disclosure obligations in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with SEC. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

The JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

THE OFFERING

Common stock offered by us	shares
Common stock to be outstanding after this offering	shares
Option to purchase additional shares of common stock from us	shares
Use of proceeds	We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $ (or approximately $ if the underwriters' option to purchase additional shares of our common stock from us is exercised in full), 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 underwriting discounts and commissions and estimated offering expenses payable by us. The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock and enable access to the public equity markets for us and our stockholders. We intend to use the net proceeds from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We also may use a portion of the net proceeds to acquire businesses, products, services or technologies. We do not have agreements or commitments for any acquisitions at this time. See the section titled "Use of Proceeds."
Concentration of Ownership	Upon completion of this offering, our executive officers, directors and holders of 5% or more of our common stock will beneficially own, in the aggregate, approximately % of the outstanding shares of our common stock.
trading symbol	" "

The number of shares of our common stock that will be outstanding after this offering is based on 71,309,998 shares of our common stock (including convertible preferred stock on an as-converted basis, and assuming the completion of the final sale of our Series E preferred stock in July 2015 and our repurchase offer in August 2015, which are described below) outstanding as of June 30, 2015, and excludes:

- 14,404,793 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of June 30, 2015, with a weighted-average exercise price of $4.26 per share;
- 2,652,025 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock that were granted after June 30, 2015, with a weighted-average exercise price of $8.19 per share;
- 50,000 restricted stock units releasable upon satisfaction of service and liquidity conditions that were granted after June 30, 2015;

- 888,022 shares of our common stock reserved for issuance to our charitable fund, Twilio.org, of which none are currently issued and outstanding;
- 3,199,497 shares of our common stock reserved for future issuance pursuant to our 2008 Stock Option Plan, as amended, our 2008 Plan; and
- shares of our common stock reserved for future issuance under our 2016 Stock Option and Incentive Plan, or our 2016 Plan, which will become effective prior to the completion of this offering.

Our 2016 Plan provides for annual automatic increases in the number of shares reserved thereunder and also provides for increases to the number of shares that may be granted thereunder based on shares under our 2008 Plan that remain reserved at the time our 2016 Plan becomes effective, or that expire, are forfeited or otherwise repurchased by us, as more fully described in the section titled "Executive Compensation—Employee Benefit and Stock Plans."

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

- the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 53,106,011 shares of our common stock, the conversion of which will occur immediately prior to the completion of this offering;
- the completion of the final closing of our sale of Series E preferred stock, which included the sale of 1,768,346 shares of Series E preferred stock at a sale price of $11.31 per share for aggregate gross proceeds of $20.0 million;
- the completion of our repurchases of an aggregate of 2,235,072 shares of our outstanding common stock, Series A preferred stock and Series B preferred stock, from holders of our common stock, Series A preferred stock and Series B preferred stock, at a purchase price of $10.18 per share for an aggregate repurchase amount of $22.8 million, and the exercise of an aggregate of 112,087 stock options with a weighted-average exercise price of $1.01 per share, which series of transactions we refer to as the 2015 Repurchase;
- the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering; 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 AND OTHER DATA

The following tables summarize our consolidated financial and other data. We have derived the summary consolidated statements of operations data for the years ended December 31, 2013 and 2014 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statements of operations data for the six months ended June 30, 2014 and 2015 and our balance sheet data as of June 30, 2015 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of the unaudited interim consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and the results in the six months ended June 30, 2015 are not necessarily indicative of the results to be expected for the full year or any other period. The following summary consolidated financial and other data should be read in conjunction with the section titled "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.

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands, except share and per share data)			
Consolidated Statements of Operations:				
Revenue	$ 49,920	$ 88,846	$ 37,638	$ 71,319
Cost of revenue[1][2]	25,868	41,423	17,155	32,372
Gross profit	24,052	47,423	20,483	38,947
Operating expenses:				
Research and development[1][2]	13,959	21,824	9,003	17,868
Sales and marketing[1]	21,931	33,322	15,753	24,033
General and administrative[1][2]	15,012	18,960	8,032	15,300
Total operating expenses	50,902	74,106	32,788	57,201
Loss from operations	(26,850)	(26,683)	(12,305)	(18,254)
Other expenses, net	(4)	(62)	(52)	(30)
Loss before (provision) benefit for income taxes	(26,854)	(26,745)	(12,357)	(18,284)
(Provision) benefit for income taxes	—	(13)	(10)	48
Net loss attributable to common stockholders	$ (26,854)	$ (26,758)	$ (12,367)	$ (18,236)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.59)	$ (1.58)	$ (0.74)	$ (1.01)
Weighted-average shares used in computing net loss per share attributed to common stockholders, basic and diluted	16,916,035	16,900,124	16,778,556	18,070,932

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

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands)			
Cost of revenue	$ 27	$ 39	$ 15	$ 28
Research and development	810	1,577	565	1,459
Sales and marketing	753	1,335	589	933
General and administrative	567	1,027	317	1,147
Total	$ 2,157	$ 3,978	$ 1,486	$ 3,567

(2) Includes amortization of acquired intangibles as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands)			
Cost of revenue	$ —	$ —	$ —	$ 49
Research and development	—	—	—	104
General and administrative	—	—	—	39
Total	$ —	$ —	$ —	$ 192

	As of June 30, 2015		
	Actual	Pro Forma(1)	Pro Forma as Adjusted(2) (3)
	(Unaudited, in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 121,821	$ 118,377	
Working capital	109,840	106,396	
Property and equipment, net	10,083	10,083	
Total assets	159,890	156,446	
Total stockholders' equity	127,238	123,795	

(1) The pro forma column in the balance sheet data table above reflects (a) the completion of the final sale of our Series E preferred stock in July 2015, as if such transaction had been completed on June 30, 2015; (b) the completion of the 2015 Repurchase, as if such transaction had been completed on June 30, 2015; (c) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 53,106,011 shares of our common stock, which conversion will occur immediately prior to the completion of this offering, as if such conversion had occurred on June 30, 2015; and (d) the filing and effectiveness of our amended and restated certificate of incorporation in Delaware.

(2) The pro forma as adjusted column in the balance sheet data table above gives effect to (a) the pro forma adjustments set forth above and (b) the sale and issuance by us of shares of our common stock in this offering, 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 underwriting discounts and commissions and estimated offering expenses payable by us.

(3) 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 amount of our cash and cash equivalents, working capital, total assets and total stockholders' equity by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting underwriting discounts and commissions payable by us. An increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, the amount of our cash and cash equivalents, working capital, total assets and total stockholders' equity by $, assuming an 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 payable by us.

Key Business Metrics

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
Number of Active Customers (*as of end date of period*)	11,048	16,631	13,604	21,226
Base Revenue (*in thousands*)	$ 42,070	$ 73,838	$ 32,116	$ 55,383
Base Revenue Growth Rate	*103%*	*76%*	*73%*	*72%*
Dollar-Based Net Expansion Rate	165%	147%	143%	147%

Number of Active Customers. We believe that the number of our Active Customers is an important indicator of the growth of our business, the market acceptance of our platform and future revenue trends. We define an Active Customer at the end of any period as an individual account, as identified by a unique account identifier, for which we have recognized at least $5 of revenue in the last month of the period. We believe that use of our platform by customers at or above the $5 per month threshold is a stronger indicator of potential future engagement than trial usage of our platform or usage at levels below $5 per month. A single organization may constitute multiple unique Active Customers if it has multiple account identifiers, each of which is treated as a separate Active Customer.

In the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015, revenue from Active Customers represented over 99% of total revenue in each period.

Base Revenue. We monitor Base Revenue as one of the more reliable indicators of future revenue trends. Base Revenue consists of all revenue other than revenue from large Active Customers that have never entered into 12-month minimum revenue commitment contracts with us, which we refer to as Variable Customers. Based on our experience, we believe Variable Customers are more likely to have significant fluctuations in usage of our products from period to period, and therefore that revenue from Variable Customers may also fluctuate significantly from period to period. This variability adversely affects our ability to rely upon revenue from Variable Customers when analyzing expected trends in future revenue.

For historical periods, we define a Variable Customer as an Active Customer that, as of June 30, 2015, (i) had never signed a minimum revenue commitment contract with us for a term of at least 12 months and (ii) has met or exceeded 1% of our revenue in any quarter in the periods presented. To allow for consistent period-to-period comparisons, in the event a customer qualified as a Variable Customer as of June 30, 2015, we included such customer as a Variable Customer in all periods presented. For future reporting periods, we will define a Variable Customer as a customer that (a) has been categorized as a Variable Customer in any prior quarter as well as (b) any new customer that (i) has never signed a minimum revenue commitment contract with us for a term of at least 12 months and (ii) meets or exceeds 1% of our revenue in a quarter. Once a customer is deemed to be a Variable Customer in any period, they remain a Variable Customer in subsequent periods unless they enter into a minimum revenue commitment contract with us for a term of at least 12 months.

As of June 30, 2015, we had 10 Variable Customers, which represented 22% of our total revenue for the six months ended June 30, 2015.

Dollar-Based Net Expansion Rate. Our ability to drive growth and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with existing Active Customers and to increase their use of the platform. An important way in which we track our performance in this area is by measuring the Dollar-Based Net Expansion Rate for our Active

Customers, other than our Variable Customers. Our Dollar-Based Net Expansion Rate increases when such Active Customers increase their usage of a product, extend their usage of a product to new applications or adopt a new product. Our Dollar-Based Net Expansion Rate decreases when such Active Customers cease or reduce their usage of a product or when we lower usage prices on a product. We believe measuring our Dollar-Based Net Expansion Rate on revenue generated from our Active Customers, other than our Variable Customers, provides a more meaningful indication of the performance of our efforts to increase revenue from existing customers.

Our Dollar-Based Net Expansion Rate compares the revenue from Active Customers, other than Variable Customers, in a quarter to the same quarter in the prior year. To calculate the Dollar-Based Net Expansion Rate, we first identify the cohort of Active Customers, other than Variable Customers, that were Active Customers in the same quarter of the prior year. The Dollar-Based Net Expansion Rate is the quotient obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. When we calculate Dollar-Based Net Expansion Rate for periods longer than one quarter, we use the average of the applicable quarterly Dollar-Based Net Expansion Rates for each of the quarters in such period.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Our Industry

The market for our products and platform is new and unproven, may decline or experience limited growth and is dependent in part on developers continuing to adopt our platform and use our products.

We were founded in 2008, and have been developing and providing a cloud-based platform that enables developers and organizations to integrate voice, messaging and video communications capabilities into their software applications. This market is relatively new and unproven and is subject to a number of risks and uncertainties. We believe that our revenue currently constitutes a significant portion of the total revenue in this market, and therefore, we believe that our future success will depend in large part on the growth, if any, of this market. The utilization of APIs by developers and organizations to build communications functionality into their applications is still relatively new, and developers and organizations may not recognize the need for, or benefits of, our products and platform. Moreover, if they do not recognize the need for and benefits of our products and platform, they may decide to adopt alternative products and services to satisfy some portion of their business needs. In order to grow our business and extend our market position, we intend to focus on educating developers and other potential customers about the benefits of our products and platform, expanding the functionality of our products and bringing new technologies to market to increase market acceptance and use of our platform. Our ability to expand the market that our products and platform address depends upon a number of factors, including the cost, performance and perceived value associated with such products and platform. The market for our products and platform could fail to grow significantly or there could be a reduction in demand for our products as a result of a lack of developer acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions and other causes. If our market does not experience significant growth or demand for our products decreases, then our business, results of operations and financial condition could be adversely affected.

We have a history of losses and we are uncertain about our future profitability.

We have incurred net losses in each year since our inception, including net losses of $26.9 million and $26.8 million in 2013 and 2014, respectively, and $12.4 million and $18.2 million in the six months ended June 30, 2014 and 2015, respectively. We had an accumulated deficit of $107.7 million as of June 30, 2015. We expect to continue to expend substantial financial and other resources on, among other things:

- investments in our engineering team, the development of new products, features and functionality and enhancements to our platform;
- sales and marketing, including expanding our direct sales organization and marketing programs, especially for enterprises and for organizations outside of the United States, and

expanding our programs directed at increasing our brand awareness among current and new developers;

- expansion of our operations and infrastructure, both domestically and internationally; 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. We also expect that our revenue growth rate will decline over time. Accordingly, we may not be able to generate sufficient revenue to offset our expected cost increases and achieve and sustain profitability. If we fail to achieve and sustain profitability, then our business, results of operations and financial condition would be adversely affected.

We have experienced rapid growth and expect our growth to continue, and if we fail to effectively manage our growth, then our business, results of operations and financial condition could be adversely affected.

We have experienced substantial growth in our business since inception. For example, our headcount has grown from 266 employees on June 30, 2014 to 424 employees on June 30, 2015. In addition, we are rapidly expanding our international operations, and we established operations in five new countries between June 30, 2014 and June 30, 2015. We expect to continue to expand our international operations in the future. We have also experienced significant growth in the number of customers, usage and amount of data that our platform and associated infrastructure support. This growth has placed and may continue to place significant demands on our corporate culture, operational infrastructure and management.

We believe that our corporate culture has been a critical component of our success. We have invested substantial time and resources in building our team and nurturing our culture. As we expand our business and mature as a public company, we may find it difficult to maintain our corporate culture while managing this growth. Any failure to manage our anticipated growth and organizational changes in a manner that preserves the key aspects of our culture could hurt our chance for future success, including our ability to recruit and retain personnel, and effectively focus on and pursue our corporate objectives. This, in turn, could adversely affect our business, results of operations and financial condition.

In addition, in order to successfully manage our rapid growth, our organizational structure has become more complex. In order to manage these increasing complexities, we will need to continue to scale and adapt our operational, financial and management controls, as well as our reporting systems and procedures. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and management resources before our revenue increases and without any assurances that our revenue will increase.

Finally, continued growth could strain our ability to maintain reliable service levels for our customers. If we fail to achieve the necessary level of efficiency in our organization as we grow, then our business, results of operations and financial condition could be adversely affected.

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

Our results of operations, including the levels of our revenue, cost of revenue, gross margin and operating expenses, have fluctuated from quarter to quarter in the past and may continue to vary significantly in the future. These fluctuations are a result of a variety of factors, many of which are outside of our control, may be difficult to predict and may or may not fully reflect the underlying

performance of our business. If our quarterly results of operations fall below the expectations of investors or securities analysts, then the trading price of our common stock could decline substantially. Some of the important factors that may cause our results of operations to fluctuate from quarter to quarter include:

- our ability to retain and increase revenue from existing customers and attract new customers;
- fluctuations in the amount of revenue from our Variable Customers;
- our ability to attract enterprises and international organizations as customers;
- our ability to introduce new products and enhance existing products;
- competition and the actions of our competitors, including pricing changes and the introduction of new products, services and geographies;
- the number of new employees;
- changes in network service provider fees that we pay in connection with the delivery of communications on our platform;
- changes in cloud infrastructure fees that we pay in connection with the operation of our platform;
- changes in our pricing as a result of our optimization efforts or otherwise;
- reductions in pricing as a result of negotiations with our larger customers;
- the rate of expansion and productivity of our sales force, including our enterprise sales force, which has been a focus of our recent expansion efforts;
- change in the mix of products that our customers use;
- change in the revenue mix of U.S. and international products;
- the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business, including investments in our international expansion;
- significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our products on our platform;
- the timing of customer payments and any difficulty in collecting accounts receivable from customers;
- general economic conditions that may adversely affect a prospective customer's ability or willingness to adopt our products, delay a prospective customer's adoption decision, reduce the revenue that we generate from the use of our products or affect customer retention;
- changes in foreign currency exchange rates;
- extraordinary expenses such as litigation or other dispute-related settlement payments;
- sales tax and other tax determinations by authorities in the jurisdictions in which we conduct business;
- the impact of new accounting pronouncements;
- expenses in connection with mergers, acquisitions or other strategic transactions; and
- fluctuations in stock-based compensation expense.

The occurrence of one or more of the foregoing and other factors may cause our results of operations to vary significantly. As such, we believe that quarter-to-quarter comparisons of our results of operations may not be meaningful and should not be relied upon as an indication of future performance. In addition, a significant percentage of our operating expenses is fixed in nature and is based on forecasted revenue trends. Accordingly, in the event of a revenue shortfall, we may not be able to mitigate the negative impact on our income (loss) and margins in the short term. If we fail to meet or exceed the expectations of investors or securities analysts, then the trading price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits.

Additionally, certain large scale events, such as major elections and sporting events, can significantly impact usage levels on our platform, which could cause fluctuations in our results of operations. We expect that significantly increased usage of all communications platforms, including ours, during certain seasonal and one-time events could impact delivery and quality of our products during those events. We also experienced increased expenses in the second quarter of 2015 due to our developer conference, SIGNAL, which we plan to host annually. Such annual and one-time events may cause fluctuations in our results of operations and may impact both our revenue and operating expenses.

If we are not able to maintain and enhance our brand and increase market awareness of our company and products, then our business, results of operations and financial condition may be adversely affected.

We believe that maintaining and enhancing the "Twilio" brand identity and increasing market awareness of our company and products, particularly among developers, is critical to achieving widespread acceptance of our platform, to strengthen our relationships with our existing customers and to our ability to attract new customers. The successful promotion of our brand will depend largely on our continued marketing efforts, our ability to continue to offer high quality products, our ability to be thought leaders in the cloud communications market and our ability to successfully differentiate our products and platform from competing products and services. Our brand promotion and thought leadership activities may not be successful or yield increased revenue. In addition, independent industry analysts often provide reviews of our products and competing products and services, which may significantly influence the perception of our products in the marketplace. If these reviews are negative or not as strong as reviews of our competitors' products and services, then our brand may be harmed.

From time to time, our customers have complained about our products, such as complaints about our pricing and customer support. If we do not handle customer complaints effectively, then our brand and reputation may suffer, our customers may lose confidence in us and they may reduce or cease their use of our products. In addition, many of our customers post and discuss on social media about Internet-based products and services, including our products and platform. Our success depends, in part, on our ability to generate positive customer feedback and minimize negative feedback on social media channels where existing and potential customers seek and share information. If actions we take or changes we make to our products or platform upset these customers, then their online commentary could negatively affect our brand and reputation. Complaints or negative publicity about us, our products or our platform could materially and adversely impact our ability to attract and retain customers, our business, results of operations and financial condition.

The promotion of our brand also requires us to make substantial expenditures, and we anticipate that these expenditures will increase as our market becomes more competitive and as we expand into new markets. To the extent that these activities increase revenue, this revenue still may not be enough to offset the increased expenses we incur. If we do not successfully maintain and

enhance our brand, then our business may not grow, we may see our pricing power reduced relative to competitors and we may lose customers, all of which would adversely affect our business, results of operations and financial condition.

Our business depends on customers increasing their use of our products and any loss of customers or decline in their use of our products could materially and adversely affect our business, results of operations and financial condition.

Our ability to grow and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with existing customers and to have them increase their usage of our platform. If our customers do not increase their use of our products, then our revenue may decline and our results of operations may be harmed. Customers are charged based on the usage of our products. Most of our customers do not have long-term contractual financial commitments to us and, therefore, most of our customers may reduce or cease their use of our products at any time without penalty or termination charges. We cannot accurately predict customers' usage levels and the loss of customers or reductions in their usage levels of our products may each have a negative impact on our business, results of operations and financial condition. Reductions in usage from existing customers and the loss of customers could cause our Dollar-Based Net Expansion Rate to decline in the future if customers are not satisfied with our products, the value proposition of our products or our ability to otherwise meet their needs and expectations. If a significant number of customers cease using, or reduce their usage of our products, then we may be required to spend significantly more on sales and marketing than we currently plan to spend in order to maintain or increase revenue from customers. Such additional sales and marketing expenditures could adversely affect our business, results of operations and financial condition.

If we are unable to attract new customers in a cost-effective manner, then our business, results of operations and financial condition would be adversely affected.

In order to grow our business, we must continue to attract new customers in a cost-effective manner. We use a variety of marketing channels to promote our products and platform, such as developer events and evangelism, as well as search engine marketing and optimization. We periodically adjust the mix of our other marketing programs such as regional customer events, email campaigns, billboard advertising and public relations initiatives. If the costs of the marketing channels we use increase dramatically, then we may choose to use alternative and less expensive channels, which may not be as effective as the channels we currently use. As we add to or change the mix of our marketing strategies, we may need to expand into more expensive channels than those we are currently in, which could adversely affect our business, results of operations and financial condition. We will incur marketing expenses before we are able to recognize any revenue that the marketing initiatives may generate, and these expenses may not result in increased revenue or brand awareness. We have made in the past, and may make in the future, significant expenditures and investments in new marketing campaigns, and we cannot assure you that any such investments will lead to the cost-effective acquisition of additional customers. If we are unable to maintain effective marketing programs, then our ability to attract new customers could be materially and adversely affected, our advertising and marketing expenses could increase substantially and our results of operations may suffer.

If we do not develop enhancements to our products and introduce new products that achieve market acceptance, our business, results of operations and financial condition could be adversely affected.

Our ability to attract new customers and increase revenue from existing customers depends in part on our ability to enhance and improve our existing products, increase adoption and usage of

our products and introduce new products. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels and overall market acceptance. Enhancements and new products that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, may have interoperability difficulties with our platform or other products or may not achieve the broad market acceptance necessary to generate significant revenue. Furthermore, our ability to increase the usage of our products depends, in part, on the development of new use cases for our products, which is typically driven by our developer community and may be outside of our control. We also have invested, and may continue to invest, in the acquisition of complementary businesses, technologies, services, products and other assets that expand the products that we can offer our customers. We may make these investments without being certain that they will result in products or enhancements that will be accepted by existing or prospective customers. Our ability to generate usage of additional products by our customers may also require increasingly sophisticated and more costly sales efforts and result in a longer sales cycle. If we are unable to successfully enhance our existing products to meet evolving customer requirements, increase adoption and usage of our products, develop new products, or if our efforts to increase the usage of our products are more expensive than we expect, then our business, results of operations and financial condition would be adversely affected.

If we are unable to increase adoption of our products by enterprises, our business, results of operations and financial condition may be adversely affected.

Historically, we have relied on the adoption of our products by software developers through our self-service model for a significant majority of our revenue, and we currently generate only a small portion of our revenue from enterprise customers. Our ability to increase our customer base, especially among enterprises, and achieve broader market acceptance of our products will depend, in part, on our ability to effectively organize, focus and train our sales and marketing personnel. We have limited experience selling to enterprises and only recently established an enterprise-focused sales force.

Our ability to convince enterprises to adopt our products will depend, in part, on our ability to attract and retain sales personnel with experience selling to enterprises. We believe that there is significant competition for experienced sales professionals with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth in the future will depend, in part, on our ability to recruit, train and retain a sufficient number of experienced sales professionals, particularly those with experience selling to enterprises. In addition, even if we are successful in hiring qualified sales personnel, new hires require significant training and experience before they achieve full productivity, particularly for sales efforts targeted at enterprises and new 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. Because we do not have a long history of targeting our sales efforts at enterprises, we cannot predict whether, or to what extent, our sales will increase as we organize and train our sales force or how long it will take for sales personnel to become productive.

As we seek to increase the adoption of our products by enterprises, we expect to incur higher costs and longer sales cycles. In this market segment, the decision to adopt our products may require the approval of multiple technical and business decision makers, including security, compliance, procurement, operations and IT. In addition, while enterprise customers may quickly deploy our products on a limited basis, before they will commit to deploying our products at scale, they often require extensive education about our products and significant customer support time, engage in protracted pricing negotiations and seek to secure readily available development resources. In addition, sales cycles for enterprises are inherently more complex and less

predictable than the sales through our self-service model, and some enterprise customers may not use our products enough to generate revenue that justifies the cost to obtain such customers. In addition, these complex and resource intensive sales efforts could place additional strain on our limited product and engineering resources. Further, enterprises, including some of our customers, may choose to develop their own solutions that do not include our products. They also may demand reductions in pricing as their usage of our products increases, which could have an adverse impact on our gross margin. As a result of our limited experience selling and marketing to enterprises, our efforts to sell to these potential customers may not be successful. If we are unable to increase the revenue that we derive from enterprises, then our business, results of operations and financial condition may be adversely affected.

If we are unable to expand our relationships with existing Solution Partner customers and add new Solution Partner customers, our business, results of operations and financial condition could be adversely affected.

We believe that the continued growth of our business depends in part upon developing and expanding strategic relationships with Solution Partner customers. Solution Partner customers embed our software products in their solutions, such as software applications for contact centers and sales force and marketing automation, and then sell such solutions to other businesses. When potential customers do not have the available developer resources to build their own applications, we refer them to our network of Solution Partner customers.

As part of our growth strategy, we intend to expand our relationships with existing Solution Partner customers and add new Solution Partner customers. If we fail to expand our relationships with existing Solution Partner customers or establish relationships with new Solution Partner customers, in a timely and cost-effective manner, or at all, then our business, results of operations and financial condition could be adversely affected. Additionally, even if we are successful at building these relationships but there are problems or issues with integrating our products into the solutions of these customers, our reputation and ability to grow our business may be harmed.

We rely upon Amazon Web Services to operate our platform and any disruption of or interference with our use of Amazon Web Services would adversely affect our business, results of operations and financial condition.

We outsource substantially all of our cloud infrastructure to Amazon Web Services, or AWS, which hosts our products and platform. Customers of our products need to be able to access our platform at any time, without interruption or degradation of performance. AWS runs its own platform that we access, and we are, therefore, vulnerable to service interruptions at AWS. We have experienced, and expect that in the future we may experience interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. Capacity constraints could be due to a number of potential causes including technical failures, natural disasters, fraud or security attacks. For instance, in September 2015, AWS suffered a significant outage that had a widespread impact on the ability of our customers to use several of our products. In addition, if our security, or that of AWS, is compromised, our products or platform are unavailable or our users are unable to use our products within a reasonable amount of time or at all, then our business, results of operations and financial condition could be adversely affected. In some instances, we may not be able to identify the cause or causes of these performance problems within a period of time acceptable to our customers. It may become increasingly difficult to maintain and improve our platform performance, especially during peak usage times, as our products become more complex and the usage of our products increases. To the extent that we do not effectively address capacity constraints, either through AWS or alternative providers of cloud infrastructure, our business, results of operations and financial condition may be adversely affected. In addition, any changes in service levels from AWS may adversely affect our ability to meet our customers' requirements.

Any of the above circumstances or events may harm our reputation, cause customers to stop using our products, impair our ability to increase revenue from existing customers, impair our ability to grow our customer base, subject us to financial penalties and liabilities under our service level agreements and otherwise harm our business, results of operations and financial condition.

To deliver our products, we rely on network service providers for our network service.

We currently interconnect with network service providers around the world to enable the use by our customers of our products over their networks. We expect that we will continue to rely heavily on network service providers for these services going forward. Our reliance on network service providers has reduced our operating flexibility, ability to make timely service changes and control quality of service. In addition, the fees that we are charged by network service providers may change daily or weekly, while we do not typically change our customers' pricing as rapidly. Furthermore, many of these network service providers do not have long-term committed contracts with us and may terminate their agreements with us without notice or restriction. If a significant portion of our network service providers stop providing us with access to their infrastructure, fail to provide these services to us on a cost-effective basis, cease operations, or otherwise terminate these services, the delay caused by qualifying and switching to other network service providers could be time consuming and costly and could adversely affect our business, results of operations and financial condition.

Further, if problems occur with our network service providers, it may cause errors or poor quality communications with our products, and we could encounter difficulty identifying the source of the problem. The occurrence of errors or poor quality communications on our products, whether caused by our platform or a network service provider, may result in the loss of our existing customers or the delay of adoption of our products by potential customers and may adversely affect our business, results of operations and financial condition.

Our future success depends in part on our ability to drive the adoption of our products by international customers.

In 2013 and 2014, we derived 9% and 12% of our revenue, respectively, from customers located outside the United States. In the six months ended June 30, 2014 and June 30, 2015, we derived 11% and 15% of our revenue, respectively, from customers located outside the United States. The future success of our business will depend, in part, on our ability to expand our customer base worldwide. While we have been rapidly expanding our sales efforts internationally, our experience in selling our products outside of the United States is limited. Furthermore, our developer-first business model may not be successful or have the same traction outside the United States. As a result, our investment in marketing our products to these potential customers may not be successful. If we are unable to increase the revenue that we derive from international customers, then our business, results of operations and financial condition may be adversely affected.

We are in the process of expanding our international operations, which exposes us to significant risks.

We are continuing to expand our international operations to increase our revenue from customers outside of the United States as part of our growth strategy. Between June 30, 2014 and June 30, 2015, we opened five offices outside of the United States, three of which are primarily focused on selling efforts and two of which are primarily development centers. We expect, in the future, to open additional foreign offices and hire employees to work at these offices in order to reach new customers and gain access to additional technical talent. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in the United States. Because of

our limited experience with international operations as well as developing and managing sales in international markets, our international expansion efforts may not be successful.

In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- the difficulty of managing and staffing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with numerous international locations;
- our ability to effectively price our products in competitive international markets;
- new and different sources of competition;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- higher or more variable network service provider fees outside of the United States;
- the need to adapt and localize our products for specific countries;
- the need to offer customer support in various languages;
- difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions;
- difficulties with differing technical and environmental standards, data privacy and telecommunications regulations and certification requirements outside the United States, which could prevent customers from deploying our products or limit their usage;
- export controls and economic sanctions administered by the Department of Commerce Bureau of Industry and Security and the Treasury Department's Office of Foreign Assets Control;
- compliance with various anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act and United Kingdom Bribery Act of 2010;
- tariffs and other non-tariff barriers, such as quotas and local content rules;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences;
- fluctuations in currency exchange rates, which could increase the price of our products outside of the United States, increase the expenses of our international operations and expose us to foreign currency exchange rate risk;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds;
- deterioration of political relations between the United States and other countries; and
- political or social unrest or economic instability in a specific country or region in which we operate, which could have an adverse impact on our operations in that location.

Also, due to costs from our international expansion efforts and network service provider fees outside of the United States that are generally higher than domestic rates, our gross margin for international customers is typically lower than our gross margin for domestic customers. As a result, our gross margin may be impacted and fluctuate as we expand our operations and customer base worldwide.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

We currently generate significant revenue from WhatsApp and the loss of this customer could harm our business, results of operations and financial condition.

In 2013, 2014 and the six months ended June 30, 2015, WhatsApp accounted for 11%, 13% and 18% of our revenue, respectively. WhatsApp is one of our Variable Customers. Our Variable Customers, including WhatsApp, do not have long-term contracts with us and may reduce or fully terminate their usage of our products at any time without penalty or termination charges. In addition, the usage of our products by WhatsApp and other Variable Customers may change significantly between periods.

While we expect that the revenue for our largest customers, including WhatsApp, will decrease over time as a percentage of our total revenue as we generate more revenue from other customers, we also believe that revenue from WhatsApp may continue to account for a significant portion of our revenue, at least in the near term. WhatsApp has no obligation to provide any notice to us if they elect to stop using our products entirely and, as such, the contribution from WhatsApp could decline to zero in any future period without advance notice. In the event that WhatsApp does not continue to use our products, uses fewer of our products, or uses our products in a more limited capacity, or not at all, our business, results of operations and financial condition could be adversely affected.

The market in which we participate is intensely competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed.

The market for cloud communications is rapidly evolving, significantly fragmented and highly competitive, with relatively low barriers to entry in some segments. The principal competitive factors in our market include completeness of offering, credibility with developers, global reach, ease of integration and programmability, product features, platform scalability, reliability, security and performance, brand awareness and reputation, the strength of sales and marketing efforts, customer support, as well as the cost of deploying and using our products. Our competitors fall into four primary categories:

- legacy on-premise vendors, such as Avaya and Cisco;
- regional network service providers that offer limited developer functionality on top of their own physical infrastructure;
- smaller software companies that compete with portions of our product line; and
- SaaS companies that offer prepackaged applications for a narrow set of use cases.

Some of our competitors and potential competitors are larger and have greater name recognition, longer operating histories, more established customer relationships, larger budgets and significantly greater resources than we do. In addition, they have the operating flexibility to bundle competing products and services at little or no perceived incremental cost, including offering them at a lower price as part of a larger sales transaction. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. In addition, some competitors may offer products or services that address one or a limited number of functions at lower prices, with greater depth than our products or in different geographies. Our current and potential competitors may develop and market new products and services with comparable functionality to our products, and this could lead to us having to decrease prices in order to remain competitive.

With the introduction of new products and services and new market entrants, we expect competition to intensify in the future. In addition, some of our customers may choose to use our products and our competitors' products at the same time. Moreover, as we expand the scope of our products, we may face additional competition. If one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also

adversely affect our ability to compete effectively. In addition, some of our competitors have lower list prices than us, which may be attractive to certain customers even if those products have different or lesser functionality. If we are unable to maintain our current pricing due to the competitive pressures, our margins will be reduced and our business, results of operations and financial condition would be adversely affected. In addition, pricing pressures and increased competition generally could result in reduced revenue, reduced margins, increased losses or the failure of our products to achieve or maintain widespread market acceptance, any of which could harm our business, results of operations and financial condition.

We have a limited operating history, which makes it difficult to evaluate our current business and future prospects and increases the risk of your investment.

We were founded and launched our first product in 2008. As a result of our limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for future growth. Our historical revenue growth should not be considered indicative of our future performance. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as:

- market acceptance of our products and platform;
- adding new customers, particularly enterprises;
- retention of customers;
- the successful expansion of our business, particularly in markets outside of the United States;
- competition;
- our ability to control costs, particularly our operating expenses;
- network outages or security breaches and any associated expenses;
- foreign currency exchange rate fluctuations;
- executing acquisitions and integrating the acquired businesses, technologies, services, products and other assets; and
- general economic and political conditions.

If we do not address these risks successfully, our business, results of operations and financial condition could be adversely affected.

We have limited experience with respect to determining the optimal prices for our products.

We charge our customers based on their use of our products. We expect that we may need to change our pricing from time to time. In the past we have sometimes reduced our prices either for individual customers in connection with long-term agreements or for a particular product. One of the challenges to our pricing is that the fees that we pay to network service providers over whose networks we transmit communications can vary daily or weekly and are affected by volume and other factors which may be outside of our control and difficult to predict. This can result in our incurring increased costs which we may be unable or unwilling to pass through to our customers, which could adversely impact our business, results of operations and financial condition.

Further, as competitors introduce new products or services that compete with ours or reduce their prices, we may be unable to attract new customers or retain existing customers based on our historical pricing. As we expand internationally, we also must determine the appropriate price to enable us to compete effectively internationally. Moreover, enterprises, which are a primary focus for our direct sales efforts, may demand substantial price concessions. In addition, if the mix of

products sold changes, including for a shift to IP-based products, then we may need to, or choose to, revise our pricing. As a result, in the future we may be required or choose to reduce our prices or change our pricing model, which could adversely affect our business, results of operations and financial condition.

We typically provide monthly uptime service level commitments of up to 99.95% under our agreements with customers. If we fail to meet these contractual commitments, then our business, results of operations and financial condition could be adversely affected.

Our agreements with customers typically provide for service level commitments. If we are unable to meet these commitments or if we suffer extended periods of downtime for our products or platform, then we are contractually obligated to provide a service credit, which is typically 10% of the customer's amounts due for the month in question. In addition, the performance and availability of AWS, which provides our cloud infrastructure is outside our control and, therefore, we are not in full control of whether we meet the service level commitments. As a result, our business, results of operations and financial condition could be adversely affected if we suffer unscheduled downtime that exceeds the service level commitments we have made to our customers. Any extended service outages could adversely affect our business and reputation.

Breaches of our networks or systems, or those of AWS or our network service providers, could degrade our ability to conduct our business, compromise the integrity of our products and platform, result in significant data losses and the theft of our intellectual property, damage our reputation, expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data.

We depend upon our IT systems to conduct virtually all of our business operations, ranging from our internal operations and research and development activities to our marketing and sales efforts and communications with our customers and business partners. Individuals or entities may attempt to penetrate our network security, or that of our platform, and to cause harm to our business operations, including by misappropriating our proprietary information or that of our customers, employees and business partners or to cause interruptions of our products and platform. Because the techniques used by such individuals or entities to access, disrupt or sabotage devices, systems and networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques, and we may not become aware in a timely manner of such a security breach which could exacerbate any damage we experience. Additionally, we depend upon our employees and contractors to appropriately handle confidential and sensitive data, including customer data, and to deploy our IT resources in safe and secure manner that does not expose our network systems to security breaches or the loss of data. Any data security incidents, including internal malfeasance by our employees, unauthorized access or usage, virus or similar breach or disruption of us or our services providers, such as AWS or network service providers, could result in loss of confidential information, damage to our reputation, loss of customers, litigation, regulatory investigations, fines, penalties and other liabilities. Accordingly, if our cybersecurity measures and those of AWS and our network service providers, fail to protect against unauthorized access, attacks (which may include sophisticated cyberattacks) and the mishandling of data by our employees and contractors, then our reputation, business, results of operations and financial condition could be adversely affected.

Defects or errors in our products could diminish demand for our products, harm our business and results of operations and subject us to liability.

Our customers use our products for important aspects of their businesses, and any errors, defects or disruptions to our products and any other performance problems with our products could damage our customers' businesses and, in turn, hurt our brand and reputation. We provide

regular updates to our products, which have in the past contained, and may in the future contain, undetected errors, failures, vulnerabilities and bugs when first introduced or released. Real or perceived errors, failures or bugs in our products could result in negative publicity, loss of or delay in market acceptance of our platform, loss of competitive position, lower customer retention or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. In addition, we may not carry insurance sufficient to compensate us for any losses that may result from claims arising from defects or disruptions in our products. As a result, our reputation and our brand could be harmed, and our business, results of operations and financial condition may be adversely affected.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements or preferences, our products may become less competitive.

The market for communications in general, and cloud communications in particular, is subject to rapid technological change, evolving industry standards, changing regulations, as well as changing customer needs, requirements and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. If we are unable to develop new products that satisfy our customers and provide enhancements and new features for our existing products that keep pace with rapid technological and industry change, our business, results of operations and financial condition could be adversely affected. If new technologies emerge that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete effectively.

Our platform must also integrate with a variety of network, hardware, mobile and software platforms and technologies, and we need to continuously modify and enhance our products and platform to adapt to changes and innovation in these technologies. If customers adopt new software platforms or infrastructure, we may be required to develop new versions of our products to work with those new platforms or infrastructure. This development effort may require significant resources, which would adversely affect our business, results of operations and financial condition. Any failure of our products and platform to operate effectively with evolving or new platforms and technologies could reduce the demand for our products. If we are unable to respond to these changes in a cost-effective manner, our products may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected.

Our reliance on SaaS technologies from third parties may adversely affect our business, results of operations and financial condition.

We rely heavily on hosted SaaS technologies from third parties in order to operate critical internal functions of our business, including enterprise resource planning, customer support and customer relations management services. If these services become unavailable due to extended outages or interruptions, or because they are no longer available on commercially reasonable terms or prices, our expenses could increase. As a result, our ability to manage our operations could be interrupted and our processes for managing our sales process 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, results of operations and financial condition.

If we are unable to develop and maintain successful relationships with independent software vendors and system integrators, our business, results of operations and financial condition could be adversely affected.

We believe that continued growth of our business depends in part upon identifying, developing and maintaining strategic relationships with independent software vendors, or ISVs, and system integrators. As part of our growth strategy, we plan to further develop product partnerships with ISVs to embed our products in major platforms as additional distribution channels and also intend to further develop partnerships and specific solution areas with systems integrators. If we fail to establish these relationships, in a timely and cost-effective manner, or at all, then our business, results of operations and financial condition could be adversely affected. Additionally, even if we are successful at developing these relationships but there are problems or issues with the integrations or enterprises are not willing to purchase through ISVs, our reputation and ability to grow our business may also be adversely affected.

Any failure to offer high-quality customer support may adversely affect our relationships with our customers and prospective customers, and adversely affect our business, results of operations and financial condition.

Many of our customers depend on our customer support team to assist them in deploying our products effectively to help them to resolve post-deployment issues quickly and to provide ongoing support. If we do not devote sufficient resources or are otherwise unsuccessful in assisting our customers effectively, it could adversely affect our ability to retain existing customers and could prevent prospective customers from adopting our products. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. Increased demand for customer support, without corresponding revenue, could increase costs and adversely affect our business, results of operations and financial condition. Our sales are highly dependent on our business reputation and on positive recommendations from developers. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could adversely affect our reputation, business, results of operations and financial condition.

We have been sued, and may, in the future, be sued by third parties for alleged infringement of their proprietary rights, which could adversely affect our business, results of operations and financial condition.

There is considerable patent and other intellectual property development activity in our industry. Our future success depends, in part, on not infringing the intellectual property rights of others. Our competitors or other third parties have claimed and may, in the future, claim that we are infringing upon their intellectual property rights, and we may be found to be infringing upon such rights. For example, on April 30, 2015, Telesign Corporation, or Telesign, filed a lawsuit against us in the United States District Court, Central District of California. Telesign alleges that we are infringing three U.S. patents that it holds: U.S. Patent No. 8,462,920, U.S. Patent No. 8,687,038 and U.S. Patent No. 7,945,034. With respect to each of the patents, the complaint seeks, among other things, to enjoin us from allegedly infringing these patents as well as damages for alleged lost profits. We intend to vigorously defend this lawsuit and believe we have meritorious defenses. However, litigation is inherently uncertain, and any judgment or injunctive relief entered against us or any adverse settlement could negatively affect our business, results of operations and financial condition. In addition, litigation can involve significant management time and attention and be expensive, regardless of outcome. During the course of this lawsuit, there may be announcements of the results of hearings and motions and other interim developments related to the litigation. If

securities analysts or investors regard these announcements as negative, the trading price of our common stock may decline.

In the future, we may receive claims from third parties, including our competitors, that our products or platform and underlying technology infringe or violate a third party's 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 products, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses or modify our products or platform, which could further exhaust our resources. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding intellectual property could be costly and time-consuming and divert the attention of our management and other employees from our business. Patent infringement, trademark infringement, trade secret misappropriation and other intellectual property claims and proceedings brought against us, whether successful or not, could harm to our brand, business, results of operations and financial condition.

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

Our agreements with customers and other third parties typically include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons or other liabilities relating to or arising from our products or platform or other acts or omissions. The term of these contractual provisions often survives termination or expiration of the applicable agreement. Large indemnity payments or damage claims from contractual breach could harm our business, results of operations and financial condition. Although we normally contractually limit our liability with respect to such obligations, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other current and prospective customers, reduce demand for our products and adversely affect our business, results of operations and financial condition.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.

Our success depends, in part, on our ability to protect our brand and the proprietary methods and technologies that we develop under patent and other intellectual property laws of the United States and foreign jurisdictions so that we can prevent others from using our inventions and proprietary information. As of June 30, 2015, we had two registered trademarks in the United States. In addition, as of June 30, 2015, in the United States, we had been issued 21 patents, which expire between 2029 and 2034, and had 40 patent applications pending for examination and 17 pending provisional applications. As of such date, we also had four issued and nine patent applications pending for examination in foreign jurisdictions, all of which are related to U.S. patents and patent applications. There can be no assurance that additional patents will be issued or that any patents that have been issued or that may be issued in the future will provide significant protection for our intellectual property. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology and our business, results of operations and financial condition may be adversely affected.

There can be no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file trademark applications and patent applications, will be adequate to protect our business. We could be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, results of operations and financial condition. 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 or alleging that we infringe the counterclaimant's own intellectual property. Any of our patents, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation.

We also rely, in part, on confidentiality agreements with our business partners, employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently without our having an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases we would not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

In addition, the laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

We cannot be certain that our means of protecting our intellectual property and proprietary rights will be adequate or that our competitors will not independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, results of operations and financial condition could be adversely affected.

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation.

Our products and platform incorporate open source software, and we expect to continue to incorporate open source software in our products and platform in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products and platform. Moreover, although we have implemented policies to regulate the use and incorporation of open source software into our products and platform, we cannot be certain that we have not incorporated open source software in our products or platform in a manner that is inconsistent with such policies. If we fail to comply with open source licenses, we may be subject to certain requirements, including requirements that we offer our products that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these

licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from generating revenue from customers using products that contained the open source software and required to comply with onerous conditions or restrictions on these products. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our products and platform and to re-engineer our products or platform or discontinue offering our products to customers in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing could require us to devote additional research and development resources to re-engineer our products or platform, could result in customer dissatisfaction and may adversely affect our business, results of operations and financial condition.

We may acquire or invest in companies, which may divert our management's attention and result in debt or dilution to our stockholders. We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions.

We may evaluate and consider potential strategic transactions, including 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 platform, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies.

Any acquisition, including our recent acquisition of Authy, 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 products or services are 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.

The occurrence of any of these foregoing could adversely affect our business, results of operations and financial condition.

We depend largely on the continued services of our senior management and other key employees, the loss of any of whom could adversely affect our business, results of operations and financial condition.

Our future performance depends on the continued services and contributions of our senior management and other key employees to execute on our business plan, to develop our products and platform, to deliver our products to customers, to attract and retain customers and to identify and pursue opportunities. The loss of services of senior management or other key employees could significantly delay or prevent the achievement of our development and strategic objectives. In particular, we depend to a considerable degree on the vision, skills, experience and effort of our co-founder and Chief Executive Officer, Jeff Lawson. None of our executive officers or other senior management personnel is bound by a written employment agreement and any of them may terminate employment with us at any time with no advance notice. The replacement of any of our senior management personnel would likely involve significant time and costs, and such loss could significantly delay or prevent the achievement of our business objectives. The loss of the services of our senior management or other key employees for any reason could adversely affect our business, results of operations and financial condition.

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly-traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, results of operations and financial condition.

If we are unable to hire, retain and motivate qualified personnel, our business will suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other personnel with experience in our industry in the San Francisco Bay Area, where our headquarters are located, and in other locations where we maintain offices. We must provide competitive compensation packages and a high-quality work environment to hire, retain and motivate employees. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill key positions, we may be unable to manage our business effectively, including the development, marketing and sale of our products, which could adversely affect our business, results of operations and financial condition. To the extent we hire personnel from competitors, we also may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

Volatility in, or lack of performance of, our stock price may also affect our ability to attract and retain key personnel. Many of our key personnel are, or will soon be, vested in a substantial amount of shares of common stock or stock options. Employees may be more likely to terminate their employment with us if the shares they own or the shares underlying their vested options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the trading price of our common stock. If we are unable to retain our employees, our business, results of operations and financial condition could be adversely affected.

Our products and platform and our business are subject to a variety of U.S. and international laws and regulations, including those regarding privacy, data protection and information security, and our customers may be subject to regulations related to the handling and transfer of certain types of sensitive and confidential information. Any failure of our products or products to comply with or enable our customers and channel partners to comply with applicable laws and regulations would harm our business, results of operations and financial condition.

We and our customers that use our products may be subject to privacy- and data protection-related laws and regulations that impose obligations in connection with the collection, processing and use of personal data, financial data, health data or other similar data. Existing U.S. federal and various state and foreign privacy- and data protection-related laws and regulations are evolving and subject to potentially differing interpretations, and various legislative and regulatory bodies may expand current or enact new laws and regulations regarding privacy-and data protection-related matters. New laws, amendments to or re-interpretations of existing laws and regulations, rules of self-regulatory bodies, industry standards and contractual obligations may impact our business and practices, and we may be required to expend significant resources to adapt to these changes, or stop offering our products in certain countries. These developments could adversely affect our business, results of operations and financial condition.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on, or requirements regarding, the collection, distribution, use, security and storage of personally identifiable information of individuals. The U.S. Federal Trade Commission and numerous state attorneys general are applying federal and state consumer protection laws to impose standards on the online collection, use and dissemination of data, and to the security measures applied to such data. Similarly, many foreign countries and governmental bodies, including the EU member states, have laws and regulations concerning the collection and use of personally identifiable information obtained from their residents or by businesses operating within their jurisdiction, which are often 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 personally identifiable information that identifies or may be used to identify an individual, such as names, email addresses and, in some jurisdictions, IP addresses. Although we endeavor to have our products and platform comply with applicable laws and regulations, these and other obligations may be modified, they may be interpreted and applied in an inconsistent manner from one jurisdiction to another, and they may conflict with one another, other regulatory requirements, contractual commitments or our internal practices. In addition, we may find it necessary or desirable to join industry or other self-regulatory bodies or other privacy- or data protection-related organizations that require compliance with their rules pertaining to privacy and data protection. We also may be bound by contractual obligations relating to our collection, use and disclosure of personal, financial and other data.

We have in the past relied on 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. As a result of the October 6, 2015 European Union Court of Justice, or ECJ, opinion in Case C-362/14 (Schrems v. Data Protection Commissioner) regarding the adequacy of the U.S.–EU Safe Harbor Framework, the U.S.-EU Safe Harbor Framework is no longer deemed to be a valid method of compliance with restrictions set forth in the Data Protection Directive (and member states' implementations thereof) regarding the transfer of data outside of the European Economic Area. In light of the ECJ opinion, we anticipate engaging in efforts to legitimize data transfers from the European Economic Area. We may be unsuccessful in establishing legitimate means of transferring data from the European Economic Area, we may experience hesitancy, reluctance, or

refusal by European or multinational customers to continue to use our services due to the potential risk exposure to such customers as a result of the ECJ ruling, and we and our customers are at risk of enforcement actions taken by an EU data protection authority until such point in time that we ensure that all data transfers to us from the European Economic Area are legitimized.

With respect to all of the foregoing, any failure or perceived failure by us, our products or our platform to comply with U.S., EU or other foreign privacy or data security laws, policies, industry standards or legal obligations, or any security incident that results in the unauthorized access to, or acquisition, release or transfer of, personally identifiable information or other customer data may result in governmental investigations, inquiries, enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity. Such actions and penalties could divert management's attention and resources, adversely affect our brand, business, results of operations and financial condition.

We 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 European Union and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. Because global laws, regulations and industry standards concerning privacy and data security have continued to develop and evolve rapidly, it is possible that we or our products or platform may not be, or may not have been, compliant with each such applicable law, regulation and industry standard.

Any such new laws, regulations, other legal obligations or industry standards, or any changed interpretation of existing laws, regulations or other standards may require us to incur additional costs and restrict our business operations. If our privacy or data security measures fail to comply with current or future laws, regulations, policies, legal obligations or industry standards, we may be subject to litigation, regulatory investigations, fines or other liabilities, as well as negative publicity and a potential loss of business.

Changes in laws and regulations related to the Internet or changes in the Internet infrastructure itself may diminish the demand for our products, and could adversely affect our business, results of operations and financial condition.

The future success of our business depends upon the continued use of the Internet as a primary medium for commerce, communications 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. Changes in these laws or regulations could require us to modify our products and platform 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 products and services such as our products and platform. 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. If the use of the Internet is reduced as a result of these or other issues, then demand for our products could decline, which could adversely affect our business, results of operations and financial condition.

Certain of our products are subject to telecommunications-related regulations, and future legislative or regulatory actions could adversely affect our business, results of operations and financial condition.

As a provider of communications products, we are subject to existing or potential FCC regulations relating to privacy, Telecommunications Relay Service Fund contributions and other requirements. FCC classification of our Internet voice communications products as telecommunications services could result in additional federal and state regulatory obligations. If we do not comply with FCC rules and regulations, we could be subject to FCC enforcement actions, fines, loss of licenses and possibly restrictions on our ability to operate or offer certain of our products. Any enforcement action by the FCC, which may be a public process, would hurt our reputation in the industry, possibly impair our ability to sell our products to customers and could adversely affect our business, results of operations and financial condition.

Our products are subject to a number of FCC regulations and laws that are administered by the FCC. Among others, we must comply (in whole or in part) with:

- the Communications Act of 1934, as amended, which regulates communications services and the provision of such services;
- the Telephone Consumer Protection Act, or TCPA, which limits the use of automatic dialing systems, artificial or prerecorded voice messages, SMS text messages and fax machines;
- the Communications Assistance for Law Enforcement Act, or CALEA, which requires covered entities to assist law enforcement in undertaking electronic surveillance;
- requirements to safeguard the privacy of certain customer information;
- payment of annual FCC regulatory fees based on our interstate and international revenues;
- rules pertaining to access to our services by people with disabilities and contributions to the Telecommunications Relay Services fund; and
- FCC rules regarding the use of customer proprietary network information.

If we do not comply with any current or future rules or regulations that apply to our business, we could be subject to substantial fines and penalties, and we may have to restructure our offerings, exit certain markets or raise the price of our products. In addition, any uncertainty regarding whether particular regulations apply to our business, and how they apply, could increase our costs or limit our ability to grow. Any of the foregoing could adversely affect our business, results of operations and financial condition.

As we continue to expand internationally, we have become subject to telecommunications laws and regulations in the foreign countries where we offer our products. Internationally, we currently offer our products in over 180 countries.

Our international operations are subject to country-specific governmental regulation and related actions that have increased and may continue to increase our costs or impact our products and platform or prevent us from offering or providing our products in certain countries. Certain of our products may be used by customers located in countries where voice and other forms of IP communications may be illegal or require special licensing or in countries on a U.S. embargo list. Even where our products are reportedly illegal or become illegal or where users are located in an embargoed country, users in those countries may be able to continue to use our products in those countries notwithstanding the illegality or embargo. We may be subject to penalties or governmental action if consumers continue to use our products in countries where it is illegal to do so, and any such penalties or governmental action may be costly and may harm our business and damage our brand and reputation. We may be required to incur additional expenses to meet

applicable international regulatory requirements or be required to discontinue those services if required by law or if we cannot or will not meet those requirements.

If we are unable to effectively process local number and toll-free number portability provisioning in a timely manner or to obtain or retain direct inward dialing numbers and local or toll-free numbers, our business and results of operations may be adversely affected.

We support local number and toll-free number portability, which allows our customers to transfer their existing phone numbers to us and thereby retain their existing phone numbers when subscribing to our voice products. Transferring existing numbers is a manual process that can take up to 15 business days or longer to complete. A new customer of our voice products must maintain both our voice product and the customer's existing phone service during the number transferring process. Any delay that we experience in transferring these numbers typically results from the fact that we depend on network service providers to transfer these numbers, a process that we do not control, and these network service provider may refuse or substantially delay the transfer of these numbers to us. Local number portability is considered an important feature by many potential customers, and if we fail to reduce any related delays, then we may experience increased difficulty in acquiring new customers.

In addition, our future success depends in part on our ability to procure large quantities of local and toll-free direct inward dialing numbers, or DIDs, in the United States and foreign countries at a reasonable cost and without restrictions. Our ability to procure, distribute and retain DIDs depends on factors outside of our control, such as applicable regulations, the practices of network service providers that provide DIDs, such as offering DIDs with conditional minimum volume call level requirements, the cost of these DIDs and the level of overall competitive demand for new DIDs. Due to their limited availability, there are certain popular area code prefixes that we generally cannot obtain. Our inability to acquire or retain DIDs for our operations would make our voice and messaging products less attractive to potential customers in the affected local geographic areas. In addition, future growth in our customer base, together with growth in the customer bases of other providers of cloud communications, has increased, which increases our dependence on needing sufficiently large quantities of DIDs.

We face a risk of litigation resulting from customer misuse of our software to send unauthorized text messages in violation of the Telephone Consumer Protection Act.

Text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws. For example, the Telephone Consumer Protection Act of 1991 restricts telemarketing and the use of automatic SMS text messages without proper consent. This has resulted in civil claims against the Company and requests for information through third-party subpoenas. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by obtaining proper consent, we could face direct liability.

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

Various of our products and services may be subject to export control and economic sanctions regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. Exports of our products and the provision of our services must be made in compliance with these laws and regulations. Although we take

precautions to prevent our products from being provided in violation of such laws, we are aware of previous exports of certain of our products to a small number of persons and organizations that are the subject of U.S. sanctions or located in countries or regions subject to U.S. sanctions. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including: the possible loss of export privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers. Obtaining the necessary authorizations, including any required license, for a particular deployment may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. In addition, changes in our products or services, or changes in applicable export or economic sanctions regulations may create delays in the introduction and deployment of our products and services in international markets, or, in some cases, prevent the export of our products or provision of our services to certain countries or end users. Any change in export or economic sanctions regulations, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could also result in decreased use of our products and services, or in our decreased ability to export our products or provide our services to existing or prospective customers with international operations. Any decreased use of our products and services or limitation on our ability to export our products and provide our services could adversely affect our business, results of operations and financial condition.

Further, we incorporate encryption technology into certain of our products. Various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our customers' ability to import our products into those countries. Encryption products and the underlying technology may also be subject to export control restrictions. Governmental regulation of encryption technology and regulation of exports of encryption products, or our failure to obtain required approval for our products, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the export of our products and provision of our services, including with respect to new releases of our products and services, may create delays in the introduction of our products and services in international markets, prevent our customers with international operations from deploying our products and using our services throughout their globally-distributed systems or, in some cases, prevent the export of our products or provision of our services to some countries altogether.

We may have additional tax liabilities, which could harm our business, results of operations and financial condition.

Significant judgments and estimates are required in determining our provision for income taxes and other tax liabilities. Our tax expense may be impacted, for example, if tax laws change or are clarified to our detriment or if tax authorities successfully challenge the tax positions that we take, such as, for example, positions relating to the arms-length pricing standards for our intercompany transactions and our state sales and use tax positions. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service, or IRS, and other tax authorities. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could adversely affect our results of operations and financial condition.

We could be subject to liability for historic and future sales, use and similar taxes, which could adversely affect our results of operations.

We conduct operations in many tax jurisdictions throughout the United States. In many of these jurisdictions, non-income-based taxes, such as sales and use and telecommunications taxes, are assessed on our operations. We are subject to indirect taxes, and may be subject to certain other taxes, in some of these jurisdictions. Historically, we have not billed or collected these taxes and, in accordance with U.S. GAAP, we have recorded a provision for our tax exposure in these jurisdictions when it is both probable that a liability has been incurred and the amount of the exposure can be reasonably estimated. These estimates include several key assumptions including, but not limited to, the taxability of our products, the jurisdictions in which we believe we have nexus, and the sourcing of revenues to those jurisdictions. In the event these jurisdictions challenge our assumptions and analysis, our actual exposure could differ materially from our current estimates.

We are undergoing audits in two jurisdictions and may be subject to additional scrutiny from state tax authorities in these or other jurisdictions and may have additional exposure related to our historic operations. Furthermore, certain 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 business, results of operations and financial condition.

Our global operations and structure subject us to potentially adverse tax consequences.

We generally conduct our global operations through subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. In particular, our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Also, our tax expense could be impacted depending on the applicability of withholding and other taxes (including withholding and indirect taxes on software licenses and related intercompany transactions) under the tax laws of certain jurisdictions in which we have business operations. The relevant revenue and taxing authorities may disagree with positions we have taken generally, or 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.

Certain government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational companies. In addition, the Organization for Economic Co-operation and Development is conducting a project focused on base erosion and profit shifting in international structures, which seeks to establish certain international standards for taxing the worldwide income of multinational companies. As a result of these developments, the tax laws of certain countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could increase our liabilities for taxes, interest and penalties, and therefore could harm our business, cash flows, results of operations and financial position.

Changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our business, results of operations and financial condition.

Changes to U.S. tax laws that may be enacted in the future could impact the tax treatment of our foreign earnings. Due to the 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 business, results of operations and financial condition.

If we experience excessive credit card or fraudulent activity, we could incur substantial costs.

Most of our customers authorize us to bill their credit card accounts directly for service fees that we charge. If people pay for our subscriptions with stolen credit cards, we could incur substantial third-party vendor costs for which we may not be reimbursed. Further, our customers provide us with credit card billing information online, and we do not review the physical credit cards used in these transactions, which increases our risk of exposure to fraudulent activity. We also incur charges, which we refer to as chargebacks, from the credit card companies from claims that the customer did not authorize the credit card transaction to purchase our subscription. If the number of unauthorized credit card transactions becomes excessive, we could be assessed substantial fines for excess chargebacks and we could lose the right to accept credit cards for payment.

Our products may also be subject to fraudulent usage, including but not limited to revenue share fraud, domestic traffic pumping, subscription fraud, premium text message scams and other fraudulent schemes. Although our customers are required to set passwords or personal identification numbers to protect their accounts, third parties have in the past been, and may in the future be, able to access and use their accounts through fraudulent means. Furthermore, spammers attempt to use our products to send targeted and untargeted spam messages. We cannot be certain that our efforts to defeat spamming attacks will be able to eliminate all spam messages from being sent using our platform. In addition, a cybersecurity breach of our customers' systems could result in exposure of their authentication credentials, unauthorized access to their accounts or fraudulent calls on their accounts, any of which could adversely affect our business, results of operations and financial condition.

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 included in this prospectus are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. 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. For more information regarding the estimates of market opportunity and the forecasts of market growth included in this prospectus, see the section titled "Market and Industry Data."

Unfavorable conditions in our industry or the global economy or reductions in spending on information technology and communications could adversely affect our business, results of operations and financial condition.

Our results of operations may vary based on the impact of changes in our industry or the global economy on our customers. Our results of operations depend in part on demand for information technology and cloud communications. In addition, our revenue is dependent on the usage of our products, which in turn is influenced by the scale of business that our customers are conducting. To the extent that weak economic conditions result in a reduced volume of business

for, and communications by, our customers and prospective customers, demand for, and use of, our products may decline. Furthermore, weak economic conditions may make it more difficult to collect on outstanding accounts receivable. Additionally, historically, we have generated the substantial majority of our revenue from small and medium-sized businesses, and we expect this to continue for the foreseeable future. Small and medium-sized business may be affected by economic downturns to a greater extent than enterprises, and typically have more limited financial resources, including capital-borrowing capacity, than enterprises. If our customers reduce their use of our products, or prospective customers delay adoption or elect not to adopt our products, as a result of a weak economy, this could adversely affect our business, results of operations and financial condition.

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

We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to develop new products and enhance our platform and existing products, expand our operations, including our sales and marketing organizations and our presence outside of the United States, improve our infrastructure or acquire complementary businesses, technologies, services, products and other assets. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our 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 that we may secure 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. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected.

Our credit facility contains restrictive and financial covenants that may limit our operating flexibility.

Our credit facility contains certain restrictive covenants that either limit our ability to, or require a mandatory prepayment in the event we, incur additional indebtedness and liens, merge with other companies or consummate certain changes of control, acquire other companies, engage in new lines of business, change business locations, make certain investments, pay dividends, make any payments on any subordinated debt, transfer or dispose of assets, amend certain material agreements, and enter into various specified transactions. We, therefore, may not be able to engage in any of the foregoing transactions unless we obtain the consent of our lender or prepay the outstanding amount under the credit facility. The credit facility also contains certain financial covenants and financial reporting requirements. Our obligations under the credit facility are secured by all of our property, with certain exceptions. We may not be able to generate sufficient cash flow or sales to meet the financial covenants or pay the principal and interest under the credit facility. Furthermore, our future working capital, borrowings, or equity financing could be unavailable to repay or refinance the amounts outstanding under the credit facility. In the event of a liquidation, our lender would be repaid all outstanding principal and interest prior to distribution of assets to unsecured creditors, and the holders of our common stock would receive a portion of any liquidation proceeds only if all of our creditors, including our lender, were first repaid in full.

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, results of operations and financial condition.

As our international operations expand, our exposure to the effects of fluctuations in currency exchange rates grows. While we have primarily transacted with customers and business partners in U.S. dollars, we have transacted with customers in Japan in Japanese Yen, and expect to significantly expand the number of transactions with customers that are denominated in foreign currencies in the future as we expand our business internationally. We incur expenses for some of our network service provider costs outside of the United States in local currencies and for employee compensation and other operating expenses at our non-U.S. locations in the local currency for such locations. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in an increase to the U.S. dollar equivalent of such expenses.

In addition, our international subsidiaries maintain net assets that are denominated in currencies other than the functional operating currencies of these entities. As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our results of operations due to transactional and translational remeasurements. 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 and securities analysts who follow our stock, 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 certain 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.

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

As of December 31, 2014, we had federal and state net operating loss carryforwards, or NOLs, of $61.5 million and $60.8 million, respectively, due to prior period losses. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" (generally defined as a greater than 50-percentage-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period) is subject to limitations on its ability to utilize its pre-change NOLs to offset post-change 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 may be outside of our control, could result in an ownership change under Section 382 of the Code. 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, even if we attain profitability.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, capitalized internal-use software costs, other non-income taxes, business combination and valuation of goodwill and purchased intangible assets and share-based compensation. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our results of operations.

A change in accounting standards or practices may have a significant effect on our results of operations and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the . We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming and costly and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and

internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the . We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an "emerging growth company" as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business, results of operations and financial condition and could cause a decline in the trading price of our common stock.

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 June 30, 2015, we had recorded a total of $4.9 million of goodwill and intangible assets related to our acquisition of Authy. 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 adversely affect our results of operations.

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 JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including 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 may take advantage of these exemptions for so long as we are an "emerging growth company," which could be as long as five years following the completion of this offering but we expect to not be an "emerging growth company" sooner. We cannot predict if

investors will find our common stock less attractive because we will 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 the trading price of our common stock may be more volatile.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, and to interruption by man-made problems such as power disruptions, computer viruses, data security breaches or terrorism.

Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire or a flood, occurring at our headquarters, at one of our other facilities or where a business partner is located could adversely affect our business, results of operations and financial condition. Further, if a natural disaster or man-made problem were to affect our network service providers or Internet service providers, this could adversely affect the ability of our customers to use our products and platform. In addition, natural disasters and acts of terrorism could cause disruptions in our or our customers' businesses, national economies or the world economy as a whole. We also rely on our network and third-party infrastructure and enterprise applications and internal technology systems for our engineering, sales and marketing and operations activities. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, results of operations and financial condition.

In addition, computer malware, viruses and computer hacking, fraudulent use attempts and phishing attacks have become more prevalent in our industry, have occurred on our platform in the past and may occur on our platform in the future. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of our products and technical infrastructure to the satisfaction of our users may harm our reputation and our ability to retain existing users and attract new users.

Risks Related to Ownership of Our Common Stock and this Offering

An active trading market for our common stock may never develop or be sustained.

We have applied to list our common stock on the under the symbol " ". However, we cannot assure you that an active trading market for our common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our common stock will develop or be maintained, the liquidity of any trading market, your ability to sell your shares of our common stock when desired or the prices that you may obtain for your shares.

The trading price of our common stock may be volatile, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for shares of our common stock. The initial public offering price of our common stock will be determined through negotiation between us and the underwriters. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell shares of our common stock following this offering. In addition, the trading price of our common stock following this offering is likely to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock since you

might be unable to sell your shares at or above the price you paid in this offering. Factors that could cause fluctuations in the trading price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, products, services or technologies us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

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

A total of , or %, of the outstanding shares of our common stock after this offering will be restricted from immediate resale, but may be sold on a stock exchange in the near future. The large number of shares eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offering, and the perception that these sales

could occur may also depress the market price of our common stock. Based on shares of our capital stock outstanding as of June 30, 2015, we will have shares of our common stock outstanding after this offering. Our executive officers, directors and the holders of substantially all of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us or and have entered or will enter into lock-up agreements with the underwriters under which they have agreed or will agree, subject to specific exceptions, not to sell any of our stock for 180 days following the date of this prospectus. We refer to such period as the lock-up period. As a result of these agreements and the provisions of our investors' rights agreement described further in the section titled "Description of Capital Stock—Registration Rights", and subject to the provisions of Rule 144 or Rule 701, shares of our common stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all shares of our common stock sold in this offering will be immediately available for sale in the public market; and
- beginning 181 days after the date of this prospectus, the remainder of the shares of our common stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

Upon completion of this offering, stockholders owning an aggregate of up to shares will be entitled, under contracts providing for registration rights, to require us to register shares of our common stock owned by them for public sale in the United States. In addition, we intend to file a registration statement to register shares reserved for future issuance under our equity compensation plans. Upon effectiveness of that registration statement, subject to the satisfaction of applicable exercise periods and expiration of the market standoff agreements and lock-up agreements referred to above, the shares of our common stock issued upon exercise of outstanding stock options will be available for immediate resale in the United States in the open market.

Sales of our common stock as restrictions end or pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the trading price of our common stock to fall and make it more difficult for you to sell shares of our common stock.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our common stock adversely, the trading price of our common stock and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about our competitors, the trading price of our common stock would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price of our common stock or trading volume to decline.

Upon completion of this offering, our executive officers, directors and holders of 5% or more of our common stock will collectively beneficially own approximately % of the outstanding shares of our common stock and continue to have substantial control over us, which will limit your ability to influence the outcome of important transactions, including a change in control.

Upon completion of this offering, our executive officers, directors and each of our stockholders who own 5% or more of our outstanding common stock and their affiliates, in the aggregate, will beneficially own approximately % of the outstanding shares of our common stock, based on the number of shares outstanding as of June 30, 2015. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company, 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 trading price of our common stock.

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.

The net proceeds from the sale of our shares of our common stock by us in this offering may be used for general corporate purposes, including working capital, operating expenses and capital expenditures. We also may use a portion of the net proceeds to acquire businesses, products, services or technologies. However, we do not have agreements or commitments for any specific acquisitions at this time. 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. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

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, is substantially higher than the net tangible book value per share of our outstanding common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur immediate dilution of $ in the net tangible book value per share from the price you paid. In addition, purchasers who bought shares from us in this offering will have contributed % of the total consideration paid to us by our stockholders to purchase shares of our common stock, in exchange for acquiring approximately % of the outstanding shares of our capital stock as of June 30, 2015 after giving effect to this offering. The exercise of outstanding stock options will result in further dilution.

Anti-takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain or will contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors.

Among other things, our amended and restated certificate of incorporation and amended and restated bylaws will include provisions:

- authorizing "blank check" preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors; and
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings.

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

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents certain stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of at least two-thirds of our outstanding common stock not held by such 15% or greater stockholder.

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

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

We do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock. In addition, our credit facility contains restrictions on our ability to pay dividends.

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 future financial performance, including our revenue, cost of revenue, gross margin, operating expenses, ability to generate positive cash flow and ability to achieve and sustain profitability;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs;
- anticipated technology trends, such as the use of and demand for cloud communications;
- our ability to continue to build and maintain creditability with the global software developer community;
- our ability to attract and retain customers to use our products;
- our ability to attract enterprises and international organizations as customers for our products;
- our ability to expand partnerships with independent software vendors and system integrators;
- the evolution of technology affecting our products and markets;
- our ability to introduce new products and enhance existing products;
- our ability to optimize our network service provider coverage and connectivity;
- our ability to pass on our savings associated with our platform optimization efforts to our customers;
- our ability to successfully enter into new markets and manage our international expansion;
- the attraction and retention of qualified employees and key personnel;
- our ability to effectively manage our growth and future expenses and maintain our corporate culture;
- our anticipated investments in sales and marketing and research and development;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to comply with modified or new laws and regulations applying to our business;
- the increased expenses associated with being a public company; and
- our use of the net proceeds from 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

This prospectus contains statistical data, estimates and forecasts that are based on independent industry publications or reports or other publicly available information, as well as other information based on our internal sources. This information involves a number of assumptions and limitations, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed 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 independent parties and by us.

The Gartner Reports described herein, represent research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this prospectus) and the opinions expressed in the Gartner Reports are subject to change without notice.

The source of certain statistical data, estimates and forecasts contained in this prospectus are the following independent industry publications or reports:

- Evans Data Corporation, *Global Developer Population and Demographic Study 2015 v.1*, 2015.
- Gartner, Inc., *Forecast Analysis: Enterprise Application Software, Worldwide, 2Q15 Update*, August 2015.
- Gartner, Inc., *Forecast Analysis: IT Spending, Worldwide, 2Q15 Update*, August 2015.
- Infonetics Research, Inc., *3Q14 Enterprise Session Border Controllers*, January 2015.
- International Data Corporation, *Worldwide Application-to-Person Messaging 2015-2019 Forecast: The Power of Cloud API Messaging Platforms*, March 2015.
- International Data Corporation, *Worldwide Identity and Access Management 2014-2018 Forecast*, November 2014.
- International Data Corporation, *Worldwide Unified Communications and Collaboration 2014-2018 Forecast*, November 2014.
- "API Directory—Most Popular." *ProgrammableWeb.* ProgrammableWeb.com. 4 Nov. 2015. Web. 4 Nov. 2015.

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 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 $, after deducting 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 would increase or decrease the net proceeds that we receive from this offering by approximately $, 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 the underwriting discounts and commissions payable by us. Similarly, each increase or decrease of 1.0 million in the number of shares of our common stock offered by us would increase or decrease the net proceeds that we receive from this offering by approximately $, assuming the assumed initial public offering price remains the same and after deducting the underwriting discounts and commissions payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock and enable access to the public equity markets for us and our stockholders.

We intend to use the net proceeds from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire businesses, products, services or technologies. However, we do not have agreements or commitments for any acquisitions at this time. We cannot specify with certainty the particular uses of the net proceeds that we will receive from this offering. Accordingly, we will have broad discretion in using these proceeds. Pending the use of proceeds from this offering as described above, we plan to invest the net proceeds that we receive in this offering in short-term and long-term interest-bearing obligations, including government and investment-grade debt securities and money market funds.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination 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. In addition, the terms of our credit facility contain restrictions on our ability to declare and pay cash dividends on our capital stock.

CAPITALIZATION

The following table sets forth cash and cash equivalents, as well as our capitalization, as of June 30, 2015 as follows:

- on an actual basis;
- on a pro forma basis, giving effect to (i) the completion of the final sale of our Series E preferred stock in July 2015, as if such transaction had been completed on June 30, 2015, (ii) the completion of the 2015 Repurchase, as if such transaction had been completed on June 30, 2015, (iii) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 53,106,011 shares of our common stock, which conversion will occur immediately prior to the completion of this offering, as if such conversion had occurred on June 30, 2015, and (iv) the filing and effectiveness of our amended and restated certificate of incorporation in Delaware; and
- on a pro forma as adjusted basis, giving effect to the pro forma adjustments set forth above and the sale and issuance by us of shares of our common stock in this offering, 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 underwriting discounts and commissions and estimated offering expenses payable by us.

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

	As of June 30, 2015		
	Actual	Pro Forma[1]	Pro Forma as Adjusted
	(Unaudited, in thousands except share and per share information)		
Cash and cash equivalents	$ 121,821	$ 118,377	$
Stockholders' equity:			
Convertible preferred stock, $0.001 par value per share, issuable in Series A, B, C, D, E and T: 58,092,566 shares authorized, 53,106,011 shares issued and outstanding, actual; no shares issued or outstanding, pro forma and pro forma as adjusted	220,247	—	—
Preferred stock, $0.001 par value per share: no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, $0.001 par value per share: 100,000,000 shares authorized, 18,558,626 shares issued and outstanding actual; shares authorized, 71,309,998 shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	18	70	
Additional paid-in capital	14,643	254,143	
Accumulated deficit	(107,670)	(130,418)	
Total stockholders' equity	127,238	123,795	
Total capitalization	$ 127,238	$ 123,795	$

(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 as adjusted cash and cash equivalents,

additional paid-in capital and total stockholders' equity 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 underwriting discounts and commissions payable by us. An increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, the amount of our pro forma as adjusted cash and cash equivalents, additional paid-in capital and total stockholders' equity 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 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, pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity, total capitalization and shares of common stock outstanding as of June 30, 2015 would be $, $, $ and , respectively.

The pro forma and pro forma as adjusted columns in the table above are based on 71,309,998 shares of our common stock (including convertible preferred stock on an as-converted basis and assuming the completion of the final sale of our Series E preferred stock in July 2015 and the completion of the 2015 Repurchase) outstanding as of June 30, 2015, and exclude the following:

- 14,404,793 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of June 30, 2015, with a weighted-average exercise price of $4.26 per share;
- 2,652,025 shares of our stock issuable upon the exercise of options to purchase shares of our common stock that were granted after June 30, 2015, with a weighted-average exercise price of $8.19 per share;
- 50,000 restricted stock units releasable upon satisfaction of service and liquidity conditions that were granted after June 30, 2015;
- 888,022 shares of our common stock reserved for issuance to our charitable fund, Twilio.org, of which none are currently issued and outstanding;
- 3,199,497 shares of our common stock reserved for future issuance pursuant to our 2008 Plan; and
- shares of our common stock reserved for future issuance under our 2016 Plan, which will become effective prior to the completion of this offering.

Our 2016 Plan provides for annual automatic increases in the number of shares reserved thereunder and also provides for increases to the number of shares that may be granted thereunder based on shares under our 2008 Plan that remain reserved at the time our 2016 Plan becomes effective, or that expire, are forfeited or otherwise repurchased by us, as more fully described in the section titled "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 as adjusted net tangible book value per share of our common stock immediately after this offering. Net tangible book value 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 as adjusted net tangible book value per share of our common stock immediately after completion of this offering.

Net tangible book value per share is determined by dividing our total tangible assets less our total liabilities by the number of shares of our common stock outstanding. Our historical net tangible value as of June 30, 2015 was $121.9 million, or $6.57 per share. Our pro forma net tangible book value as of June 30, 2015 was $118.5 million, or $1.66 per share, based on the total number of shares of our common stock outstanding as of June 30, 2015, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock as of June 30, 2015 into an aggregate of 53,106,011 shares of our common stock, which conversion will occur immediately prior to the completion of this offering, the completion of the final sale of our Series E preferred stock in July 2015 and the 2015 Repurchase.

After giving effect to 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 underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2015 would have been $, 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		$
Pro forma net tangible book value (deficit) per share as of June 30, 2015	$ 1.66	
Increase in pro forma net tangible book value (deficit) per share attributable to new investors in this offering		
Pro forma as adjusted 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 as adjusted net tangible book value per share to new investors 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 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, our pro forma as adjusted net tangible book value by $ 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 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, the pro forma as adjusted 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 June 30, 2015, after giving effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock into our common stock immediately prior to the completion of this offering, after giving effect to (ii) the completion of the final sale of our Series E preferred stock in July 2015, (iii) the completion of the 2015 Repurchase and (iv) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 53,106,011 shares of our common stock, which conversion will occur immediately prior to the completion of this offering, as if such conversion had occurred on June 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 our common stock and preferred stock, cash received from the exercise of stock options 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 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	71,309,998	%	$ 223,612,603	%	$ 3.14
New investors					$
Totals		%	$	%	

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 $, 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 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 completion of this offering.

The number of shares of our common stock that will be outstanding after this offering is based on 71,309,998 shares of our common stock (including preferred stock on an as-converted basis and assuming the completion of the final sale of our Series E preferred stock in July 2015 and the completion of the 2015 Repurchase) outstanding as of June 30, 2015, and excludes:

- 14,404,793 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of June 30, 2015, with a weighted-average exercise price of $4.26 per share;

- 2,652,025 shares of our stock issuable upon the exercise of options to purchase shares of our common stock that were granted after June 30, 2015, with a weighted-average exercise price of $8.19 per share;
- 50,000 restricted stock units releasable upon satisfaction of service and liquidity conditions that were granted after June 30, 2015;
- 888,022 shares of our common stock reserved for issuance to our charitable fund, Twilio.org, of which none are currently issued and outstanding;
- 3,199,497 shares of our common stock reserved for future issuance pursuant to our 2008 Plan; and
- shares of our common stock reserved for future issuance under our 2016 Plan, which will become effective prior to the completion of this offering.

Our 2016 Plan provides for annual automatic increases in the number of shares reserved thereunder and also provides for increases to the number of shares that may be granted thereunder based on shares under our 2008 Plan that remain reserved at the time our 2016 Plan becomes effective, or that expire, are forfeited or otherwise repurchased by us, as more fully described in the section titled "Executive Compensation—Employee Benefit and Stock Plans."

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

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following selected consolidated statements of operations data for the years ended December 31, 2013 and 2014 and the consolidated balance sheet data as of December 31, 2014 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the six months ended June 30, 2014 and 2015 and the consolidated balance sheet data as of June 30, 2015 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited financial statements and reflect, in the opinion of management, all adjustments, of a normal, recurring nature that are necessary for a fair statement of the unaudited interim consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and the results in the six months ended June 30, 2015 are not necessarily indicative of the results to be expected for the full year or any other period. You should read the following selected consolidated financial and other data below in conjunction with the section titled "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.

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands, except share, per share and customer data)			
Consolidated Statement of Operations Data:				
Revenue	$ 49,920	$ 88,846	$ 37,638	$ 71,319
Cost of revenue[1][2]	25,868	41,423	17,155	32,372
Gross profit	24,052	47,423	20,483	38,947
Operating expenses:				
Research and development[1][2]	13,959	21,824	9,003	17,868
Sales and marketing[1]	21,931	33,322	15,753	24,033
General and administrative[1][2]	15,012	18,960	8,032	15,300
Total operating expenses	50,902	74,106	32,788	57,201
Loss from operations	(26,850)	(26,683)	(12,305)	(18,254)
Other expenses, net	(4)	(62)	(52)	(30)
Loss before (provision) benefit for income taxes	(26,854)	(26,745)	(12,357)	(18,284)
(Provision) benefit for income taxes	—	(13)	(10)	48
Net loss attributable to common stockholders	$ (26,854)	$ (26,758)	$ (12,367)	$ (18,236)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.59)	$ (1.58)	$ (0.74)	$ (1.01)
Weighted-average shares used in computing net loss per share attributed to common stockholders, basic and diluted	16,916,035	16,900,124	16,778,556	18,070,932
Key Business Metrics:				
Number of Active Customers[3] (*as of end date of period*)	11,048	16,631	13,604	21,226
Base Revenue[4]	$ 42,070	$ 73,838	$ 32,116	$ 55,383
Base Revenue Growth Rate	*103%*	*76%*	*73%*	*72%*
Dollar-Based Net Expansion Rate[5]	165%	147%	143%	147%

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

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands)			
Cost of revenue	$ 27	$ 39	$ 15	$ 28
Research and development	810	1,577	565	1,459
Sales and marketing	753	1,335	589	933
General and administrative	567	1,027	317	1,147
Total	$ 2,157	$ 3,978	$ 1,486	$ 3,567

(2) Includes amortization of acquired intangibles as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands)			
Cost of revenue	$ —	$ —	$ —	$ 49
Research and development	—	—	—	104
General and administrative	—	—	—	39
Total	$ —	$ —	$ —	$ 192

(3) See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics—Number of Active Customers."

(4) See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics—Base Revenue."

(5) See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics—Dollar-Based Net Expansion Rate."

	As of December 31, 2014	As of June 30, 2015
		(Unaudited)
	(In thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 32,627	$ 121,821
Working capital	22,132	109,840
Property and equipment, net	6,751	10,083
Total assets	55,993	159,890
Total stockholders' equity	31,194	127,238

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

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes that are included elsewhere in this prospectus. This discussion contains forward-looking statements based upon current plans, expectation and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and in other parts of this prospectus. Our fiscal year ends on December 31.

Overview

We enable developers to build, scale and operate real-time communications within software applications.

Our developer-first platform approach consists of three things: our Programmable Communications Cloud, Super Network and Business Model for Innovators. Our Programmable Communications Cloud software enables developers to embed voice, messaging, connectivity, video and authentication capabilities into their applications via our simple-to-use Application Programming Interfaces, or APIs. The Super Network is our software layer that allows our customers' software to communicate with connected devices globally. It interconnects with communications networks around the world and continually analyzes data to optimize the quality and cost of communications that flow through our platform. Our Business Model for Innovators empowers developers by reducing friction and upfront costs, encouraging experimentation, and enabling developers to grow as customers as their ideas succeed.

We launched our platform and began selling our first product—Programmable Voice—in 2008. Programmable Voice enables developers to easily build software-enabled voice communications into their applications. Since that time, we have continued to add new capabilities to our platform. In 2010, we added Programmable Messaging, which enables developers to add text-based communications to their applications for various use cases, such as alerts, notifications and anonymous communications. We introduced IP Voice in 2011, which connects our customers' voice applications to IP-enabled devices and allows them to build contextual communications directly into their software, such as for customer relationship management or call center applications. In 2014, we released Programmable Connectivity, to allow customers with existing telecommunications infrastructure to leverage our network and business model. With the acquisition of Authy, Inc. in February 2015, we added Programmable Authentication, which reduces the time required for developers to build two-factor authentication into their applications. In 2015, we launched Programmable Video, which enables developers to add rich multi-party media experiences into their applications.

While extending the products on, and the functionality of, our platform, we have continued to increase the reach and the global scale of our platform. Since our inception, we have built relationships with network service providers globally to enable our platform to deliver excellent quality at reasonable cost to our customers. When we initially launched Programmable Voice we enabled developers to build applications with voice communications to customers to reach landline and mobile phone numbers in the United States and Canada. In 2009, we extended the global reach of Programmable Voice by allowing developers to incorporate our products into their applications to call nearly any country worldwide. In 2011, we launched local telephone numbers in Canada and the United Kingdom. By the end of the following year, we offered local telephone numbers in over 20 countries. In 2012, we enhanced the quality of Programmable Voice with the launch of our global-low-latency capability, which is designed to route the audio portion of any call

through our data center regions that are closest to the end users. We also added extensive foreign language support to Programmable Messaging, making the product more relevant to users in more countries. As of June 30, 2015, our customers' applications that are embedded with our products could reach users via voice, messaging and video in nearly every country in the world, and our platform offered customers local telephone numbers in over 40 countries and text-to-speech functionality in 26 languages. We support our global business through 22 cloud data centers in seven regions around the world and have developed direct relationships with network service providers globally.

Our business model is primarily focused on reaching and serving the needs of developers. We established and maintain our leadership position by engaging directly with, and cultivating, our developer community, which has led to the rapid adoption of our platform. We reach developers through community events and conferences, including our SIGNAL developer conference, to demonstrate how every developer can create differentiated applications incorporating communications using our products.

Once developers are introduced to our platform, we provide them with a low-friction trial experience. By accessing our easy-to-configure APIs, extensive self-service documentation and customer support team, developers can build our products into their applications and then test such applications through free trials. Once they have decided to use our products beyond the initial free trial period, customers provide their credit card information and only pay for the actual usage of our products. Historically, we have acquired the substantial majority of our customers through this self-service model. As customers expand their usage of our platform, our relationships with them often evolve to include business leaders within their organizations. Once customers reach a certain spending level with us, we assign them to customer success advocates or account managers within our sales organization to ensure their satisfaction and expand their usage of our products.

When potential customers do not have the available developer resources to build their own applications, we refer them to our network of Solution Partners, who embed our products in their solutions, such as software for contact centers and sales force and marketing automation, that they sell to other businesses.

We recently began to supplement our self-service model with a sales effort aimed at engaging larger potential customers, and existing customers through an enterprise sales approach. Our sales organization targets technical and business leaders who are seeking to leverage software to drive competitive differentiation. As we educate these leaders on the benefits of developing applications incorporating our products to differentiate their business, they often consult with their developers regarding implementation. We believe that developers are often advocates for our products as a result of our developer-focused approach. Our sales organization is composed of inside sales and field sales personnel, each of whom specializes in a subset of our products.

Our Business Model for Innovators, combined with our Programmable Communications Cloud and Super Network, have generated a rapid increase in the number of Active Customers, from 6,410 as of December 31, 2012 to 21,226 as of June 30, 2015. As our customers become more successful, we benefit from their growth as they increase their usage of existing products and adopt additional Twilio products. In addition, our larger customers frequently add more use cases from products that they already use. We believe the most useful indicator of the increased activity from our existing customers is our Dollar-Based Net Expansion Rate, which was 147% for the six months ended June 30, 2015.

We believe that an annualized cohort analysis for our Active Customers, other than our Variable Customers, demonstrates the power of our approach. Active Customers, other than our Variable Customers, acquired in 2012 and 2013 are referred to as the 2012 Cohort and 2013

Cohort, respectively. In 2012, we generated $3.3 million in revenue from the 2012 Cohort. Revenue from the 2012 Cohort grew to $18.3 million in 2014, representing a compound annual revenue growth rate of 136%. In 2013, we generated $4.8 million of revenue from the 2013 Cohort. Revenue from the 2013 Cohort grew to $15.4 million in 2014, representing 219% year-over-year growth.

We generate the substantial majority of our revenue from charging our customers based on their usage of our software products that they have incorporated into their applications. In addition, customers typically purchase one or more telephone numbers from us, for which we charge a monthly flat fee per number. Some customers also choose to purchase various levels of premium customer support for a monthly fee. Customers that register in our self-service model typically pay up-front via credit card and draw down their balance as they purchase or use our products. Most of our customers draw down their balance in the same month they pay up front and, as a result, our deferred revenue at any particular time is not a meaningful indicator of future revenue. As our customers' usage grows, some of our customers enter into contracts and are invoiced monthly in arrears. Many of these customer contracts have terms of 12 months and typically include some level of minimum revenue commitment. Most customers with minimum revenue commitment contracts generate a significant amount of revenue in excess of their minimum revenue commitment in any period. Historically, the aggregate minimum commitment revenue from customers with which we have contracts has constituted a minority of our revenue in any period, and we expect this to continue in the future.

Our developer-focused products are delivered to customers and users through our Super Network, which uses software to optimize communications on our platform. We interconnect with communications networks globally to deliver our products, and therefore we have arrangements with network service providers in many regions throughout the world. Historically, a substantial majority of our cost of revenue has been network service provider fees. We seek to optimize our network service provider coverage and connectivity through continuous improvements in routing and sourcing in order to lower the usage expenses we incur for network service provider fees. As we benefit from our platform optimization efforts, we sometimes pass these savings on to customers in the form of lower usage prices on our products in an effort to drive increased usage and expand the reach and scale of our platform. In the near term, we intend to operate our business to expand the reach and scale of our platform and to grow our revenue, rather than to maximize our gross margins.

We have achieved significant growth in recent periods. For the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015, our revenue was $49.9 million, $88.8 million and $71.3 million, respectively. For the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015, our Base Revenue was $42.1 million, $73.8 million and $55.4 million, respectively. We generated a net loss of $26.9 million, $26.8 million and $18.2 million for the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015, respectively. See "—Key Business Metrics—Base Revenue" for a discussion of Base Revenue.

Factors Affecting Our Performance

Product and Market Leadership. We are committed to delivering market-leading products to continue to build and maintain credibility with the global software developer community. We believe we must maintain our product and market leadership position and strength of our brand to drive further revenue growth. We intend to continue to invest in our engineering capabilities and marketing activities to maintain our strong position in the developer community. Our results of operations may fluctuate as we make these investments to drive increased customer adoption and usage.

Sales and Marketing. Our self-service model allows us to more efficiently leverage our investments in sales and marketing activities. In order to maintain our efficient customer acquisition, we must maintain and expand our grassroots developer outreach and effectively generate additional sales to enterprises and customers outside of the United States. We are in the process of supplementing our self-service model with an increased focus on sales to enterprises and to organizations outside of the United States, both of which will require significant investments in advance of realizing revenue growth resulting from such investments.

Expansion Strategy. We are focused on expanding our existing customers' use of our products and platform. We believe that there is a significant opportunity to drive additional sales to existing customers, and expect to invest in sales, marketing and customer support to achieve additional revenue growth from existing customers.

Investments for Scale. As our business grows and as we continue our platform optimization efforts, we expect to realize cost savings through economies of scale. We sometimes choose to pass on our cost savings from platform optimization to our customers in the form of lower usage prices. In addition, such potential cost savings may be offset, partially or completely, by higher costs related to the release of new products and our expansion into new geographies. In some instances, we also may acquire certain larger customers that we consider strategic but that generate a lower gross margin. As a result, we expect our gross margin to fluctuate from period to period.

International Growth. Our platform reaches nearly every country in the world. We have customers located in over 125 countries and maintain offices in 10 locations worldwide, with six of those primarily focused on regional sales and marketing efforts. We expect to continue to expand our international go-to-market efforts in the future. The expansion of the reach of our platform and our global sales efforts will add increased complexity and cost to our business.

Key Business Metrics

	Year Ended December 31,		Six Months Ended June 30,	
	2013	**2014**	**2014**	**2015**
Number of Active Customers (*as of end date of period*)	11,048	16,631	13,604	21,226
Base Revenue (*in thousands*)	$ 42,070	$ 73,838	$ 32,116	$ 55,383
Base Revenue Growth Rate	*103%*	*76%*	*73%*	*72%*
Dollar-Based Net Expansion Rate	165%	147%	143%	147%

Number of Active Customers. We believe that the number of our Active Customers is an important indicator of the growth of our business, the market acceptance of our platform and future revenue trends. We define an Active Customer at the end of any period as an individual account, as identified by a unique account identifier, for which we have recognized at least $5 of revenue in the last month of the period. We believe that use of our platform by customers at or above the $5 per month threshold is a stronger indicator of potential future engagement than trial usage of our platform or usage at levels below $5 per month. A single organization may constitute multiple Active Customers if it has multiple unique account identifiers, each of which is treated as a separate Active Customer.

In the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015, revenue from Active Customers represented over 99% of total revenue in each period.

Base Revenue. We monitor Base Revenue as one of the more reliable indicators of future revenue trends. Base Revenue consists of all revenue other than revenue from large Active Customers that have never entered into 12-month minimum revenue commitment contracts with us, which we refer to as Variable Customers. Based on our experience, we believe Variable Customers are more likely to have significant fluctuations in usage of our products from period-to-period, and therefore that revenue from Variable Customers may also fluctuate significantly from period-to-period. This variability adversely affects our ability to rely upon revenue from Variable Customers when analyzing expected trends in future revenue.

For historical periods, we define a Variable Customer as a customer that, as of June 30, 2015, (i) had never signed a minimum revenue commitment contract with us for a term of at least 12 months and (ii) has met or exceeded 1% of our revenue in any quarter in the periods presented. To allow for consistent period-to-period comparisons, in the event a customer qualified as a Variable Customer as of June 30, 2015, we included such customer as a Variable Customer in all periods presented. For future reporting periods, we will define a Variable Customer as a customer that (a) has been categorized as a Variable Customer in any prior quarter as well as (b) any new customer that (i) has never signed a minimum revenue commitment contract with us for a term of at least 12 months and (ii) meets or exceeds 1% of our revenue in a quarter. Once a customer is deemed to be a Variable Customer in any period, they remain a Variable Customer in subsequent periods unless they enter into a minimum revenue commitment contract with us for a term of at least 12 months.

As of June 30, 2015, we had 10 Variable Customers, which represented 22% of our total revenue for the six month period ended June 30, 2015.

Dollar-Based Net Expansion Rate. Our ability to drive growth and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with existing Active Customers and to increase their use of the platform. An important way in which we track our performance in this area is by measuring the Dollar-Based Net Expansion Rate for our Active Customers, other than our Variable Customers. Our Dollar-Based Net Expansion Rate increases when such Active Customers increase their usage of a product, extend their usage of a product to new applications or adopt a new product. Our Dollar-Based Net Expansion Rate decreases when such Active Customers cease or reduce their usage of a product or when we lower usage prices on a product. We believe measuring our Dollar-Based Net Expansion Rate on revenue generated from our Active Customers, other than our Variable Customers, provides a more meaningful indication of the performance of our efforts to increase revenue from existing customers.

Our Dollar-Based Net Expansion Rate compares the revenue from Active Customers, other than Variable Customers, in a quarter to the same quarter in the prior year. To calculate the Dollar-Based Net Expansion Rate, we first identify the cohort of Active Customers, other than Variable Customers, that were Active Customers in the same quarter of the prior year. The Dollar-Based Net Expansion Rate is the quotient obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. When we calculate Dollar-Based Net Expansion Rate for periods longer than one quarter, we use the average of the applicable quarterly Dollar-Based Net Expansion Rates for each of the quarters in such period.

Acquisition of Authy, Inc.

In February 2015, we acquired all the outstanding shares of capital stock of Authy, Inc., or Authy, a Delaware corporation with operations in Bogota, Colombia and San Francisco, California. Authy had developed a two-factor authentication online security solution. The purchase price was $3.0 million in cash and 389,733 shares of our Series T convertible preferred stock, of which

180,000 shares are held in escrow. Additionally, we issued 507,885 shares of our Series T convertible preferred stock to a former shareholder of Authy subject to vesting and earn-out conditions. These shares are also held in escrow. For further information with respect to this transaction and the impact of this transaction on our consolidated financial statements, see Note 5 *"Acquisition of Authy, Inc."* in the notes to the consolidated financial statements included in this prospectus.

Stock Repurchases

On May 20, 2013, we repurchased an aggregate of 1,498,464 shares of common stock from our three founders for $10.0 million in cash, which transaction we refer to as the 2013 Repurchase. The 2013 Repurchase was conducted at a price in excess of the fair value of our common stock at the date of repurchase. No special rights or privileges were conveyed to the founders as part of this transaction. However, no other stockholders were given the opportunity to participate in the 2013 Repurchase. We recorded a compensation expense in the amount of $5.0 million, which represented the excess of the common stock repurchase price above the fair value of the common stock on the date of repurchase. We retired the shares repurchased from the founders as of December 31, 2013.

On August 21, 2015, we repurchased an aggregate of 365,916 shares of Series A preferred stock and Series B preferred stock from certain preferred stockholders, and repurchased an aggregate of 1,869,156 shares of common stock from certain current and former employees, for $22.8 million in cash, which transaction we refer to as the 2015 Repurchase. The 2015 Repurchase was conducted at a price in excess of the fair value of our common stock at the date of repurchase. No special rights or privileges were conveyed to the employees and former employees. However, not all employees were invited to participate in the 2015 Repurchase. We recorded a compensation expense in the amount of $2.0 million, which represented the excess of the common stock repurchase price above the fair value of the common stock on the date of repurchase. The excess of the preferred stock repurchase price above the carrying value of the preferred stock will be recorded as a dividend in the quarter ended September 30, 2015, and will impact the income attributable to common stockholders. We retired the shares repurchased in the 2015 Repurchase as of August 21, 2015.

Net Loss Carryforwards

At December 31, 2014, we had federal and state net operating loss carryforwards of approximately $61.5 million and $60.8 million, respectively, and federal and state tax credits of approximately $3.3 million and $2.3 million, respectively. If not utilized, the federal and state loss carryforwards will expire at various dates beginning in 2028 and 2029, respectively, and the federal tax credits will expire at various dates beginning in 2031. The state tax credits can be carried forward indefinitely. At present, we do not believe that it is more likely than not that the deferred tax assets will be realized. Accordingly, a full valuation allowance has been established.

Key Components of Statements of Operations

Revenue. We derive our revenue primarily from usage-based fees earned from customers using our Programmable Voice, Programmable Messaging and other usage-based software products, such as our recently introduced Programmable Video products. Some examples of the usage-based fees that we charge for include minutes of call duration activity for our Programmable Voice products, number of text messages sent or received using our Programmable Messaging products and number of authentications for our Programmable Authentication product. We also earn monthly flat fees from certain fee-based products, such as telephone numbers and customer support. Customers typically pay up-front via credit card in monthly prepaid amounts and draw

down their balances as they purchase or use our products. As customers grow they automatically receive tiered usage discounts. Our larger customers often enter into contracts that contain minimum revenue commitments, which may contain more favorable pricing. Customers on such contracts typically are invoiced monthly in arrears for products used.

Amounts that have been charged via credit card or invoiced are recorded in accounts receivable and in revenue or deferred revenue, depending on whether the revenue recognition criteria have been met. Given that our credit card prepayment amounts tend to be approximately equal to our credit card consumption amounts in each period, and that we do not have many invoiced customers on pre-payment contract terms, our deferred revenue at any particular time is not a meaningful indicator of future revenue.

We define U.S. revenue as revenue from customers with IP addresses at the time of registration in the United States, and we define international revenue as revenue from customers with IP addresses at the time of registration outside of the United States.

Cost of Revenue and Gross Margin. Cost of revenue consists primarily of fees paid to network services providers. Cost of revenue also includes cloud infrastructure fees, personnel costs, such as salaries and stock-based compensation for our customer support employees, and non-personnel costs, such as amortization of capitalized internal-use software development costs.

Our gross margin has been and will continue to be affected by a number of factors, including the timing and extent of our investments in our operations, our ability to manage our network service provider and cloud infrastructure-related fees, the mix of U.S. revenue compared to international revenue, the timing of amortization of capitalized software development costs and the extent to which we periodically choose to pass on our cost savings from platform optimization efforts to our customers in the form of lower usage prices.

Operating Expenses.

The most significant components of operating expenses are personnel costs, which consist of salaries, benefits, bonuses, stock-based compensation and compensation expenses related to stock repurchases from employees. We also incur other non-personnel costs related to our general overhead expenses. We expect that our operating costs will increase in absolute dollars.

Research and Development. Research and development expenses consist primarily of personnel costs, outsourced engineering services, cloud infrastructure fees for staging and development, amortization of capitalized internal-use software development costs and an allocation of our general overhead expenses. We capitalize the portion of our software development costs that meets the criteria for capitalization.

We continue to focus our research and development efforts on adding new features and products including new use cases, improving our platform and increasing the functionality of our existing products.

Sales and Marketing. Sales and marketing expenses consist primarily of personnel costs, including commissions for our sales employees. Sales and marketing expenses also include expenditures related to advertising, marketing, our brand awareness activities and developer evangelism, costs related to our SIGNAL developer conference, credit card processing fees, professional services fees and an allocation of our general overhead expenses.

We focus our sales and marketing efforts on generating awareness of our company, platform and products through our developer evangelist team and self-service model, creating sales leads and establishing and promoting our brand, both domestically and internationally. We plan to continue investing in sales and marketing by increasing our sales and marketing headcount,

supplementing our self-service model with an enterprise sales approach, expanding our sales channels, driving our go-to-market strategies, building our brand awareness and sponsoring additional marketing events.

General and Administrative. General and administrative expenses consist primarily of personnel costs for our accounting, finance, legal, human resources and administrative support personnel and executives. General and administrative expenses also include costs related to business acquisitions, legal and other professional services fees, sales and other taxes, depreciation and amortization and an allocation of our general overhead expenses. We expect that we will incur costs associated with supporting the growth of our business and to meet the increased compliance requirements associated with both our international expansion and our transition to, and operation as, a public company.

Our general and administrative expenses include a significant amount of sales and other taxes to which we are subject based on the manner we sell and deliver our products. Historically, we have not passed these costs through to our customers and have therefore recorded as general and administrative expenses. We expect that these expenses will decline in future years as we continue to implement our sales tax collection mechanisms and start passing these costs through to our customers.

Provision for Income Taxes. Our provision for income taxes has not been historically significant to our business as we have incurred operating losses to date. Our provision results primarily from the cost-plus structure of our foreign subsidiaries.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenue for those periods. The period-to-period comparison of our historical results are not necessarily indicative of the results that may be expected in the future.

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands, except share and per share data)			
Consolidated Statements of Operations Data:				
Revenue	$ 49,920	$ 88,846	$ 37,638	$ 71,319
Cost of revenue[1][2]	25,868	41,423	17,155	32,372
Gross profit	24,052	47,423	20,483	38,947
Operating expenses:				
Research and development[1][2]	13,959	21,824	9,003	17,868
Sales and marketing[1]	21,931	33,322	15,753	24,033
General and administrative[1][2]	15,012	18,960	8,032	15,300
Total operating expenses	50,902	74,106	32,788	57,201
Loss from operations	(26,850)	(26,683)	(12,305)	(18,254)
Other expenses, net	(4)	(62)	(52)	(30)
Loss before (provision) benefit for income taxes	(26,854)	(26,745)	(12,357)	(18,284)
(Provision) benefit for income taxes	—	(13)	(10)	48
Net loss attributable to common stockholders	$ (26,854)	$ (26,758)	$ (12,367)	$ (18,236)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.59)	$ (1.58)	$ (0.74)	$ (1.01)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	16,916,035	16,900,124	16,778,556	18,070,932

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

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands)			
Cost of revenue	$ 27	$ 39	$ 15	$ 28
Research and development	810	1,577	565	1,459
Sales and marketing	753	1,335	589	933
General and administrative	567	1,027	317	1,147
Total	$ 2,157	$ 3,978	$ 1,486	$ 3,567

(2) Includes amortization of acquired intangibles as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands)			
Cost of revenue	$ —	$ —	$ —	$ 49
Research and development	—	—	—	104
General and administrative	—	—	—	39
Total	$ —	$ —	$ —	$ 192

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Consolidated Statements of Operations, as a percentage of revenue:**				
Revenue	100%	100%	100%	100%
Cost of revenue	52	47	46	45
Gross profit	48	53	54	55
Operating expenses:				
Research and development	28	25	24	25
Sales and marketing	44	38	42	34
General and administrative	30	21	21	21
Total operating expenses	102	83	87	80
Loss from operations	(54)	(30)	(33)	(26)
Other expenses, net	*	*	*	*
Loss before (provision) benefit for income taxes	(54)	(30)	(33)	(26)
(Provision) benefit for income taxes	—	*	*	*
Net loss attributable to common stockholders	(54)%	(30)%	(33)%	(26)%

* Less than 0.5% of revenue.

** Columns may not add up to 100% due to rounding.

Comparison of the Six Months Ended June 30, 2014 and 2015

Revenue

	Six Months Ended June 30,			
	2014	2015	Change	
	(Unaudited, dollars in thousands)			
Base Revenue	$ 32,116	$ 55,383	$ 23,267	72%
Variable Revenue	5,522	15,936	10,414	189%
Total revenue	$ 37,638	$ 71,319	$ 33,681	89%

In the six months ended June 30, 2015, Base Revenue increased by $23.3 million, or 72%, compared to the same period last year, and represented 85% and 78% of total revenue in the six months ended June 30, 2014 and 2015, respectively. This increase was primarily attributable to an increase in the usage of products and the adoption of additional products by our existing customers. These increases were partially offset by pricing decreases that we have implemented over time for our customers in the form of lower usage prices in an effort to increase the reach and scale of our platform. The changes in usage and price in the six months ended June 30, 2015 were reflected in our Dollar-Based Net Expansion Rate of 147%. The increase was also attributable to revenue from new customers, largely as a result of a 56% increase in the number of Active Customers, from 13,604 as of June 30, 2014 to 21,226 as of June 30, 2015.

In the six months ended June 30, 2015, Variable Revenue increased by $10.4 million, or 189%, compared to the same period last year, and represented 15% and 22% of total revenue in the six months ended June 30, 2014 and 2015, respectively. This increase was primarily attributable to the increase in the usage of products by our existing Variable Customers.

U.S. revenue and international revenue represented $60.8 million, or 85%, and $10.5 million, or 15%, respectively, of total revenue in the six months ended June 30, 2015, compared to $33.4 million, or 89%, and $4.2 million, or 11%, respectively, of total revenue in the six months ended June 30, 2014. The increase in international revenue in absolute dollars and as a percentage of total revenue was attributable to the growth in usage of our products by our existing international customers and to a 90% increase in the number of customers outside of the United States, driven in part by our focus on expanding our sales to customers outside of the United States. We opened five offices outside of the United States between June 30, 2014 and June 30, 2015.

Cost of Revenue and Gross Margin

	Six Months Ended June 30,			
	2014	2015	Change	
	(Unaudited, dollars in thousands)			
Cost of revenue	$ 17,155	$ 32,372	$ 15,217	89%
Gross margin	54%	55%		

In the six months ended June 30, 2015, cost of revenue increased by $15.2 million, or 89%, compared to the same period last year. The increase in cost of revenue was primarily attributable to a $12.9 million increase in network service providers fees, a $1.8 million increase in cloud infrastructure fees to support the growth in usage of our products and a $0.4 million increase in software amortization expense.

Operating Expenses

	Six Months Ended June 30,			
	2014	2015	Change	
	(Unaudited, dollars in thousands)			
Research and development	$ 9,003	$ 17,868	$ 8,865	98%
Sales and marketing	15,753	24,033	8,280	53%
General and administrative	8,032	15,300	7,268	90%
Total operating expenses	$ 32,788	$ 57,201	$ 24,413	74%
Percentage of revenue:				
Research and development	24%	25%		
Sales and marketing	42%	34%		
General and administrative	21%	21%		

In the six months ended June 30, 2015, research and development expenses increased by $8.9 million, or 98%, compared to the same period last year. The increase was primarily attributable to a $5.7 million increase in personnel costs, net of a $2.0 million increase in capitalized software development costs, largely as a result of the growth of our product and engineering headcount, as we continued to focus on enhancing our existing products and introducing new products, as well as enhancing product management and other technical functions. The increase was also due in part to a $1.1 million increase in cloud infrastructure fees to support the staging and development of our products, a $0.6 million increase in outsourced engineering services, a $0.3 million increase in our general overhead costs, a $0.3 million increase in amortization expense related to our internally developed software and the intangible assets acquired in the Authy transaction and a $0.2 million increase related to amortization of prepaid software licenses.

In the six months ended June 30, 2015, sales and marketing expenses increased by $8.3 million, or 53%, compared to the same period last year. The increase was primarily attributable to a $3.8 million increase in personnel costs, largely as a result of increases in sales and marketing headcount as we continued to expand our sales efforts in the United States and internationally, a $2.6 million increase related to our SIGNAL conference, which was not held in the prior year, a $1.2 million increase in advertising expenses and a $0.3 million increase in credit card processing fees. These increases were partially offset by a $0.7 million decrease in expenses for brand awareness programs and events other than our SIGNAL conference.

In the six months ended June 30, 2015, general and administrative expenses increased by $7.3 million, or 90%, compared to the same period last year. The increase was primarily attributable to a $3.7 million increase in personnel costs, largely as a result of increases in headcount to support the growth of our business, a $1.2 million increase in professional service fees related to the acquisition of Authy, a $0.7 million increase in sales and other taxes, a $0.6 million increase in other professional service fees unrelated to Authy and a $0.4 million increase related to depreciation, amortization and other general overhead, all associated with the growth of our business.

Comparison of the Fiscal Years Ended December 31, 2013 and 2014

Revenue

	Year Ended December 31,			
	2013	2014	Change	
	(Dollars in thousands)			
Base Revenue	$ 42,070	$ 73,838	$ 31,768	76%
Variable Revenue	7,850	15,008	7,158	91%
Total revenue	$ 49,920	$ 88,846	$ 38,926	78%

In 2014, Base Revenue increased by $31.8 million, or 76%, compared to 2013 and represented 84% and 83% of total revenue in 2013 and 2014, respectively. This increase in revenue was primarily attributable to an increase in the usage of products and the adoption of additional products by our existing customers. These increases were partially offset by pricing decreases that we have implemented over time for our customers in the form of lower usage prices in an effort to increase the reach and scale of our platform. The changes in usage and price in 2014 were reflected in our Dollar-Based Net Expansion Rate of 147%. The increase was also attributable to revenue from new customers, largely as a result of a 51% increase in the number of Active Customers, from 11,048 as of December 31, 2013 to 16,631 as of December 31, 2014.

In 2014, Variable Revenue increased by $7.2 million, or 91%, compared to 2013 and represented 16% and 17% of total revenue in 2013 and 2014, respectively. This increase was primarily attributable to the increase in the usage of products by our existing Variable Customers.

U.S. revenue and international revenue represented $78.3 million, or 88%, and $10.6 million, or 12%, respectively, of total revenue in 2014 compared to $45.5 million, or 91%, and $4.4 million, or 9%, respectively, of total revenue in 2013. The increase in international revenue in absolute dollars and as a percentage of total revenue was attributable to the growth in usage of our products by our existing international customers and to an 88% increase in the number of customers outside of the United States, driven in part by our focus on expanding our marketing campaigns to customers outside of the United States. These campaigns were largely focused on our international developer evangelism programs, our London roadshow event and enhanced localized marketing efforts.

Cost of Revenue and Gross Margin

	Year Ended December 31,			
	2013	2014	Change	
	(Dollars in thousands)			
Cost of revenue	$ 25,868	$ 41,423	$ 15,555	60%
Gross margin	48%	53%		

In 2014, cost of revenue increased by $15.6 million, or 60%, compared to 2013. The increase was primarily attributable to a $12.2 million increase in network service providers fees, a $2.2 million increase in cloud infrastructure fees to support the growth in usage of our products and a $0.5 million increase in software amortization expense.

Gross margin improved primarily as a result of cost savings from our platform optimization efforts.

Operating Expenses

	Year Ended December 31,			
	2013	2014	Change	
	(Dollars in thousands)			
Research and development	$ 13,959	$ 21,824	$ 7,865	56%
Sales and marketing	21,931	33,322	11,391	52%
General and administrative	15,012	18,960	3,948	26%
Total operating expenses	$ 50,902	$ 74,106	$ 23,204	46%
Percentage of revenue:				
Research and development	28%	25%		
Sales and marketing	44%	38%		
General and administrative	30%	21%		

In 2014, research and development expenses increased by $7.9 million, or 56%, compared to 2013. The increase was primarily attributable to a $7.4 million increase in personnel costs, net of a $1.5 million increase in capitalized software development costs, largely as a result of increases in product and engineering headcount, as we continued to focus on enhancing our existing products and introducing new products, as well as enhancing product management and other technical functions. The increase was also due in part to a $1.1 million increase in cloud infrastructure fees to support the staging and development of our products, a $0.6 million increase in general overhead costs, a $0.3 million increase in software amortization and a $0.3 million increase in outsourced engineering services. These increases were partially offset by a decrease in compensation expense in 2014 arising from the $1.8 million additional compensation expense in the prior year due to the 2013 Repurchase.

In 2014, sales and marketing expenses increased by $11.4 million, or 52%, compared to 2013. The increase was primarily attributable to a $7.3 million increase in personnel costs, largely as a result of increases in sales and marketing headcount as we continued to expand our sales efforts in the United States and internationally, a $1.8 million increase related to our developer evangelism programs and brand awareness building events, a $1.7 million increase in other marketing and advertising expenses, a $0.5 million increase in our general overhead costs, a $0.4 million increase in credit card processing fees, a $0.4 million increase in employee travel and a $0.3 million increase in professional services expense. These increases were partially offset by a $1.6 million decrease in marketing expenses because we did not host our SIGNAL developer conference in 2014.

In 2014, general and administrative expenses increased by $3.9 million, or 26%, compared to 2013. The increase was primarily attributable to a $3.0 million increase in personnel costs largely as a result of increases in headcount to support the growth of our business, a $2.1 million increase in sales and other taxes, a $1.0 million increase in professional services fees, a $0.4 million increase in other professional service fees related to our acquisition of Authy and a $0.3 million increase in depreciation and amortization expense. These increases were partially offset by a decrease in compensation expense in 2014 arising from the $3.1 million additional compensation expense in the prior year due to the 2013 Repurchase.

Quarterly Results of Operations

The following tables set forth our unaudited quarterly statements of operations data for each of the six quarters ended June 30, 2015, as well as the percentage that each line item represents of our revenue for each quarter presented. The information for each quarter has been prepared on a basis consistent with our audited consolidated financial statements included in this prospectus, and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair presentation of the financial information contained in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future. The following quarterly financial data should be read in conjunction with our audited consolidated financial statements included in this prospectus.

	Three Months Ended					
	March 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	March 31, 2015	June 30, 2015
	(Unaudited, in thousands)					
Consolidated Statements of Operations:						
Revenue	$ 17,557	$ 20,081	$ 23,523	$ 27,685	$ 33,365	$ 37,954
Cost of revenue[1][2]	8,382	8,773	10,688	13,580	15,545	16,827
Gross profit	9,175	11,308	12,835	14,105	17,820	21,127
Operating expenses:						
Research and development[1][2]	4,408	4,594	5,997	6,825	8,480	9,388
Sales and marketing[1]	6,949	8,804	8,016	9,553	9,869	14,164
General and administrative[1][2]	3,835	4,198	4,828	6,099	8,265	7,035
Total operating expenses	15,192	17,596	18,841	22,477	26,614	30,587
Loss from operations	(6,017)	(6,288)	(6,006)	(8,372)	(8,794)	(9,460)
Other income (expense), net	(31)	(21)	(14)	4	53	(83)
Loss before provision (benefit) for income taxes	(6,048)	(6,309)	(6,020)	(8,368)	(8,741)	(9,543)
Income tax (provision) benefit	(10)	—	—	(3)	81	(33)
Net loss attributable to common stockholders	$ (6,058)	$ (6,309)	$ (6,020)	$ (8,371)	$ (8,660)	$ (9,576)

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

	March 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	March 31, 2015	June 30, 2015
	(Unaudited, in thousands)					
Cost of revenue	$ 8	$ 7	$ 10	$ 14	$ 14	$ 14
Research and development	230	335	418	594	663	796
Sales and marketing	286	303	302	444	420	513
General and administrative	162	155	179	531	548	599
Total	$ 686	$ 800	$ 909	$ 1,583	$ 1,645	$ 1,922

(2) Includes amortization of acquired intangibles as follows:

	March 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	March 31, 2015	June 30, 2015
	(Unaudited, in thousands)					
Cost of revenue	$ —	$ —	$ —	$ —	$ 28	$ 21
Research and development	—	—	—	—	17	87
General and administrative	—	—	—	—	11	28
Total	$ —	$ —	$ —	$ —	$ 56	$ 136

	Three Months Ended					
	March 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	March 31, 2015	June 30, 2015
	(Unaudited)					
Consolidated Statements of Operations, as a percentage of revenue:**						
Revenue	100%	100%	100%	100%	100%	100%
Cost of revenue	48	44	45	49	47	44
Gross margin	52	56	55	51	53	56
Operating expenses:						
Research and development	25	23	25	25	25	25
Sales and marketing	40	44	34	35	30	37
General and administrative	22	21	21	22	25	19
Total operating expenses	87	88	80	81	80	81
Loss from operations	(34)	(31)	(26)	(30)	(26)	(25)
Other expense, net	*	*	*	*	*	*
Loss before provision (benefit) for income taxes	(34)	(31)	(26)	(30)	(26)	(25)
Income tax (provision) benefit	*	—	—	*	*	*
Net loss attributable to common stockholders	(35)%	(31)%	(26)%	(30)%	(26)%	(25)%

* Less than 0.5% of revenue.

** Columns may not add up to 100% due to rounding.

	Three Months Ended					
	March 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	March 31, 2015	June 30, 2015
	(Unaudited)					
Number of Active Customers (*as of end date of period*)(1)	12,790	13,604	15,325	16,631	19,340	21,226
Base Revenue (*in thousands*)(2)	$ 14,969	$ 17,147	$ 20,114	$ 21,608	$ 25,357	$ 30,027
Base Revenue Growth Rate	*83%*	*65%*	*86%*	*71%*	*69%*	*75%*
Dollar-Based Net Expansion Rate(3)	150%	136%	155%	148%	144%	149%

(1) See the section titled "—Key Business Metrics—Number of Active Customers."

(2) See the section titled "—Key Business Metrics—Base Revenue."

(3) See the section titled "—Key Business Metrics—Dollar-Based Net Expansion Rate."

Quarterly Trends in Revenue

Our quarterly revenue increased in each period presented primarily due to an increase in the usage of products as well as the adoption of additional products by our existing customers as evidenced by our Dollar-Based Net Expansion Rates, and an increase in our new customers.

Quarterly Trends in Gross Margin

Our gross margin improved in the second quarter of 2014 and in the first and second quarters of 2015 due to continued platform optimization. In the fourth quarter of 2014, we reduced prices, which resulted in a decrease in our gross margin in that period.

Quarterly Trends in Operating Expenses

Our operating expenses have increased sequentially as a result of our growth, primarily related to increased personnel costs to support our expanded operations and our continued investment in our products. The sales and marketing expenses in the second quarter of 2015 included $2.6 million of expenses related to our SIGNAL conference. The general and administrative expenses in the first quarter of 2015 included $1.1 million of professional service fees related to the acquisition of Authy.

Liquidity and Capital Resources

To date, our principal sources of liquidity have been the net proceeds we received through private sales of equity securities, as well as payments received from customers using our products. From our inception through June 30, 2015, we have completed several rounds of equity financings through the sales of shares of our convertible preferred stock for total net proceeds of $217.2 million. We believe that our cash and cash equivalents balances, our credit facility and the cash flows generated by our operations will be sufficient to satisfy our anticipated cash needs for working capital and capital expenditures for at least the next 12 months.

Credit Facility

On January 15, 2013, we entered into a $5.0 million revolving line of credit with Silicon Valley Bank, or SVB, which expired in January 2015 and was not renewed. The agreement allowed for two borrowing formulae, A and B. Under the borrowing formula A, the interest rate equaled the prime rate plus 1%. Under the borrowing formula B, the interest rate equaled the prime rate plus 2%. Interest payments were due monthly and principal was due at maturity. If there had been borrowings under the credit line, there were covenants with which we would have had to comply. In addition, if we had borrowed under borrowing formula B, we would have been obligated to provide Silicon Valley Bank with a warrant to purchase shares worth $40,000. During the 24-month agreement, we did not draw down against this line of credit.

On March 19, 2015, we entered into a $15.0 million revolving line of credit with SVB. Under this credit facility, outstanding borrowings are based on our prior month's monthly recurring revenue. Advances on the line of credit bear interest payable monthly at Wall Street Journal prime rate plus 1%. Borrowings are secured by substantially all of our assets, with limited exceptions. In order to be able to borrow against the credit line, we must comply with certain restrictive covenants. We are currently in compliance with these covenants. This credit facility expires in March 2017. We had no outstanding balance on this credit facility as of June 30, 2015.

Cash Flows

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

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
	(In thousands)			
Cash used in operating activities	$ (22,622)	$ (17,360)	$ (10,089)	$ (12,056)
Cash used in investing activities	(452)	(5,340)	(2,476)	(6,335)
Cash provided by financing activities	65,612	612	190	107,585
Net increase (decrease) in cash and cash equivalents	$ 42,538	$ (22,088)	$ (12,375)	$ 89,194

Cash Flows from Operating Activities

In the six months ended June 30, 2015, cash used in operating activities consisted primarily of our net loss of $18.2 million adjusted for non-cash items, including $3.6 million of stock-based compensation expense, $1.6 million of depreciation and amortization expense and $0.6 million of cumulative changes in operating assets and liabilities. With respect to changes in operating assets and liabilities, accounts payable and other liabilities increased $6.6 million and deferred revenue increased $1.0 million, which was primarily due to increases in transaction volumes and additional accruals of sales and other taxes. This was offset by an increase in accounts receivable and prepaid expenses of $6.8 million, which primarily resulted from the growth of our business and the timing of cash receipts from certain of our larger customers, as well as pre-payments for cloud infrastructure fees and certain operating expenses.

In the six months ended June 30, 2014, cash used in operating activities consisted primarily of our net loss of $12.4 million adjusted for non-cash items, including $1.5 million of stock-based compensation expense and $0.8 million of depreciation and amortization. With respect to changes in operating assets and liabilities, accounts payable and other liabilities increased $3.4 million and deferred revenue increased $0.8 million, which was primarily due to increases in transaction volumes and additional accruals of sales and other taxes. This was almost entirely offset by an increase in accounts receivable and prepaid expenses of $4.6 million, which primarily resulted from the growth of our business and the timing of cash receipts from certain of our large customers, as well as pre-payments for cloud infrastructure fees and certain operating expenses.

In 2014, cash used in operating activities consisted primarily of our net loss of $26.8 million adjusted for certain non-cash items, including $4.0 million of stock-based compensation expense and $1.8 million of depreciation and amortization, as well as $3.4 million of cumulative changes in operating assets and liabilities. With respect to changes in assets and liabilities, accounts payable and other liabilities increased $8.6 million and deferred revenue increased $1.6 million, which was primarily due to increases in transaction volumes in 2014 compared to 2013 and additional accruals of sales and other taxes. This was partially offset by an increase in accounts receivable and prepaid expenses of $7.2 million, which primarily resulted from the growth of our business and the timing of cash receipts from certain of our large customers, as well as pre-payments for cloud infrastructure fees and certain operating expenses.

In 2013, cash used in operating activities consisted primarily of our net loss of $26.9 million adjusted for certain non-cash items, including $2.2 million of stock-based compensation expense and $0.6 million of depreciation and amortization, as well as $1.3 million of cumulative changes in

operating assets and liabilities. With respect to changes in assets and liabilities, accounts payable and other liabilities increased $4.0 million and deferred revenue increased $1.0 million, which was primarily due to increases in transaction volumes in 2013 compared to 2012 and additional accruals of sales and other taxes. This was partially offset by an increase in accounts receivable and prepaid expenses of $3.7 million, which primarily resulted from the growth of our business and the timing of cash receipts from certain of our large customers, as well as pre-payments for cloud infrastructure fees and certain operating expenses.

Cash Flows from Investing Activities

In the six months ended June 30, 2015, cash used in investing activities was $6.3 million, primarily consisting of $3.8 million of payments for capitalized software development as we continued to build new products and enhance our existing products, $1.8 million of payments related to the acquisition of Authy, net of $1.2 million of cash acquired, and $0.7 million of payments related to purchases of property and equipment as we continued to expand our offices and grow our headcount to support the growth of our business.

In the six months ended June 30, 2014, cash used in investing activities was $2.5 million, primarily consisting of $1.6 million of payments for capitalized software development as we continued to build new products and enhance our existing products, $0.4 million of payments for purchases of property and equipment and $0.3 million of payments for patent development.

In 2014, cash used in investing activities was $5.3 million, primarily consisting of $3.6 million of payments for capitalized software development as we continued to build new products and enhance our existing products, $1.0 million of payments for purchases of property and equipment as we continued to expand our offices and grow our headcount to support the growth of our business and $0.5 million of payments for patent development.

In 2013, cash used in investing activities was $0.5 million, primarily consisting of $2.3 million of payments for capitalized software development as we continued to build new products and enhance our existing products and $1.2 million of payments related to purchases of property and equipment as we continued to expand our offices and grow our headcount to support the growth of our business, which was partially offset by $3.0 million of proceeds from the sale of short-term investments.

Cash Flows from Financing Activities

In the six months ended June 30, 2015, cash provided by financing activities was $107.6 million, primarily consisting of $105.9 million proceeds from our sales of Series E convertible preferred stock, net of issuance expenses, and $1.7 million proceeds from stock option exercises by our employees.

In the six months ended June 30, 2014, cash provided by financing activities was $0.2 million, primarily consisting of proceeds from stock option exercises by our employees.

In 2014, cash provided by financing activities was $0.6 million, primarily consisting of proceeds from stock option exercises by our employees.

In 2013, cash provided by financing activities was $65.6 million, primarily consisting of $70.0 million proceeds from our sales of Series D convertible preferred stock and $0.8 million proceeds from stock option exercises by our employees, which was partially offset by $5.1 million cash used in our 2013 Repurchase.

Contractual Obligations and Other Commitments

The following table summarizes our non-cancelable contractual obligations as of December 31, 2014:

	Less Than 1 Year	1 to 3 Years	3 to 5 Years	5 Years or More	Total
			(In thousands)		
Operating leases[1]	$ 3,174	$ 6,201	$ 1,479	$ —	$ 10,854
Purchase obligations[2]	11,096	6,484	—	—	17,580
Total	$ 14,270	$ 12,685	$ 1,479	$ —	$ 28,434

(1) Operating leases represent total future minimum rent payments under non-cancelable operating lease agreements.

(2) Purchase obligations represent total future minimum payments under contracts with our cloud infrastructure provider, network service providers and other vendors.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Segment Information

We have one business activity and operate in one reportable segment.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities as follows:

Interest Rate Risk

We had cash and cash equivalents of $121.8 million as of June 30, 2015, which consisted of bank deposits and money market funds. The cash and cash equivalents are held for working capital purposes. Such interest-earning instruments carry a degree of interest rate risk. To date, fluctuations in interest income have not been significant. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. The interest rate on our outstanding credit facility is fixed. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

Currency Exchange Risks

The functional currency of our foreign subsidiaries is the U.S. dollar. However, we are exposed to foreign exchange rate fluctuations as we convert the financial statements of our foreign subsidiaries into U.S. dollars in consolidation. The local currencies of our foreign subsidiaries are the British pound, the euro and the Columbian peso. Our subsidiaries remeasure monetary assets and liabilities at period-end exchange rates, while non-monetary items are remeasured at historical rates. Revenue and expense accounts are remeasured at the average exchange rate in effect during the year. If there is a change in foreign currency exchange rates, the conversion of our foreign subsidiaries' financial statements into U.S. dollars would result in a realized gain or loss

which is recorded in our condensed consolidated statements of operations. We do not currently engage in any hedging activity to reduce our potential exposure to currency fluctuations, although we may choose to do so in the future. A hypothetical 10% change in foreign exchange rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. Preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. In many instances, we could have reasonably used different accounting estimates and in other instances changes in the accounting estimates are reasonably likely to occur from period to period. Actual results could differ significantly from our estimates. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving our judgments and estimates.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured. We consider a signed contract or other similar documentation reflecting the terms and conditions under which products will be provided to be persuasive evidence of an arrangement. Collectability is assessed based on a number of factors, including payment history and the creditworthiness of a customer. If it is determined that collection is not reasonably assured, revenue is not recognized until collection becomes reasonably assured, which is generally upon receipt of cash.

Usage-based fees are recognized as products are delivered. Term-based fees are recorded on a straight-line basis over the contractual term of the arrangement beginning on the date when the product is made available to the customer, provided all other revenue recognition criteria are met.

Our arrangements do not contain general rights of return. However, credits to customers may be issued on a case-by-case basis. Our contracts do not provide customers with the right to take possession of our software supporting the applications. Amounts that have been invoiced are recorded in accounts receivable and in revenue or deferred revenue, depending on whether the revenue recognition criteria have been met.

We carry a reserve for sales credits that we calculate based on historical trends and any specific risks identified in processing transactions. Changes in the reserve are recorded against total revenue.

Sales and other taxes collected from customers to be remitted to government authorities are excluded from revenue.

Stock-Based Compensation

We account for stock-based compensation in accordance with the authoritative guidance on stock compensation. Under the fair value recognition provisions of this guidance, stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense, net of estimated forfeitures, over the requisite service period, which is generally the

vesting period of the respective award. As a result, we are required to estimate the amount of stock-based compensation we expect to be forfeited based on our historical experience. If actual forfeitures differ significantly from our estimates, stock-based compensation expense and our results of operations could be materially impacted.

Determining the fair value of stock-based awards at the grant date requires judgment. We use the Black-Scholes option-pricing model to determine the fair value of stock options granted to our employees and directors. The determination of the grant date fair value of options using an option-pricing model is affected by our estimated common stock fair value as well as assumptions regarding a number of other complex and subjective variables. These variables include the fair value of our common stock, our expected stock price volatility over the expected term of the options, stock option exercise and cancellation behaviors, risk-free interest rates, and expected dividends, which are estimated as follows:

- *Fair value of the common stock.* Given the absence of a public trading market for our common stock, our board of directors considers numerous objective and subjective factors to determine the fair value of our common stock at each meeting at which awards are approved. The factors include, but are not limited to: (i) contemporaneous valuations of our common stock by an unrelated third party; (ii) the prices at which we sold shares of our convertible preferred stock to outside investors in arms-length transactions; (iii) the rights, preferences and privileges of our convertible preferred stock relative to those of our common stock; (iv) our results of operations, financial position and capital resources; (v) current business conditions and projections; (vi) the lack of marketability of our common stock; (vii) the hiring of key personnel and the experience of management; (viii) the introduction of new products; (ix) the risk inherent in the development and expansion of our products; (x) our stage of development and material risks related to its business; (xi) the fact that the option grants involve illiquid securities in a private company; and (xii) the likelihood of achieving a liquidity event, such as an initial public offering or sale of our Company, in light of prevailing market conditions.

  In valuing our common stock, our board of directors determined the equity value of our Company using both the income and the market approach valuation methods. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate derived from an analysis of the cost of capital of comparable publicly traded companies in our industry as of each valuation date and is adjusted to reflect the risks inherent in our cash flows. The market approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial results to estimate the value of the subject company.

  Since June 30, 2014, we have used the Probability-Weighted Expected Return Method, or PWERM, to allocate our equity value among various outcomes. Using the PWERM, the value of our common stock is estimated based upon a probability-weighted analysis of varying values for our common stock assuming possible future events for our Company, such as:

  - a "liquidation" scenario, where we assume the Company is dissolved and the book value less the applicable liquidation preferences represents the amount available to the common stockholders;

  - a strategic sale in the near term;

- an initial public offering; or
- a private company scenario in which operations continue as a privately held company.

Application of these approaches involves the use of estimates, judgment and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses and future cash flows, discount rates, market multiples, the selection of comparable companies and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

- *Expected term.* The expected term represents the period that the stock-based awards are expected to be outstanding. We use the simplified calculation of expected term, as we do not have sufficient historical data to use any other method to estimate expected term.
- *Expected volatility.* The expected volatility is derived from an average of the historical volatilities of the common stock of several entities with characteristics similar to ours, such as the size, and operational and economic similarities to our principle business operations.
- *Risk-free interest rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal the expected term of the stock-based awards.
- *Expected dividend.* The expected dividend is assumed to be zero as we have never paid dividends and have no current plans to pay any dividends on our common stock.

The following table summarizes the assumptions used in the Black-Scholes option-pricing model to determine the fair value of our stock options as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Fair value of common stock	$2.50 - 3.73	$3.99 - 6.69	$3.99 - 4.30	$7.07 - 7.78
Expected term (in years)	5.77 - 6.08	5.27 - 6.57	5.77 - 6.08	6.08
Expected volatility	54.4%	54.4%	54.4%	52.01% - 54.89%
Risk-free interest rate	0.9% - 1.9%	1.7% - 2.0%	1.8% - 2.0%	1.4% - 1.9%
Dividend rate	0%	0%	0%	0%

Between January 1, 2014 and the date of this prospectus, we granted stock options and awards as follows:

	Number of Common Shares Underlying Options Granted	Number of Common Shares Underlying RSUs Granted	Exercise Price of Options	Fair Value per Share for Financial Reporting Purposes
Grant Date:				
March 25, 2014	1,503,000		$ 3.86	$ 3.99
May 21, 2014	631,000		3.86	4.30
August 5, 2014	711,800		4.52	4.60
October 29, 2014	2,554,849		4.73	5.47
November 26, 2014	921,500		4.73	6.18
December 12, 2014	204,600		4.73	6.59
December 16, 2014	318,000		4.73	6.69
February 2, 2015	380,000		7.07	7.07
March 12, 2015	907,500		7.07	7.07
March 24, 2015	338,000		7.07	7.07
April 1, 2015	153,126		7.07	7.74
May 21, 2015	590,750		7.74	7.74
June 15, 2015	148,626		7.74	7.78
June 30, 2015	590,000		7.74	7.78
September 2, 2015	1,818,450	50,000	7.78	9.10
October 21, 2015	833,575		9.10	9.10
Total	12,604,776	50,000		

Based on the assumed initial public offering price per share of $, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the aggregate intrinsic value of our outstanding stock options as of June 30, 2015 was $ million, with $ million related to vested stock options.

Valuation of Goodwill and Intangible Assets

When we acquire businesses using non-cash consideration as part of the purchase consideration, such as our capital stock, we are required to estimate the fair value of such non-cash consideration on the acquisition date. Given the absence of a public trading market for our capital stock, the measurement of equity-based consideration requires judgment and consideration of numerous objective and subjective factors. Refer to the discussion on the valuation of common stock noted above, for which similar objective and subjective factors are also considerations in estimating the fair value of our preferred stock.

When we acquire businesses, we allocate the purchase price to the tangible assets and liabilities and identifiable intangible assets acquired. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates are based on information obtained from management of the acquired companies, market information and historical experience. These estimates can include, but are not limited to:

- the time and expenses that would be necessary to recreate the asset;
- the profit margin a market participant would receive;

- cash flows that an asset is expected to generate in the future; and
- discount rates.

These estimates are inherently uncertain and unpredictable, and if different estimates were used the purchase price for the acquisition could be allocated to the acquired assets and liabilities differently from the allocation that we have made. In addition, unanticipated events and circumstances may occur which may affect the accuracy or validity of such estimates, and if such events occur we may be required to record a charge against the value ascribed to an acquired asset or an increase in the amounts recorded for assumed liabilities. Under the current authoritative guidance, we are allowed a one-year measurement period to finalize our preliminary valuation of the tangible and intangibles assets and liabilities acquired and make necessary adjustments to goodwill.

Internal-Use Software Development Costs

We capitalize certain costs related to the development of our platform and other software applications for internal use. In accordance with authoritative guidance, we begin to capitalize our costs to develop software when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. We stop capitalizing these costs when the software is substantially complete and ready for its intended use, including the completion of all significant testing. These costs are amortized on a straight-line basis over the estimated useful life of the related asset, generally estimated to be three years. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded within product development expenses in our condensed consolidated statements of operations. We exercise judgment in determining the point at which various projects may be capitalized, in assessing the ongoing value of the capitalized costs and in determining the estimated useful lives over which the costs are amortized. To the extent that we change the manner in which we develop and test new features and functionalities related to our platform, assess the ongoing value of capitalized assets or determine the estimated useful lives over which the costs are amortized, the amount of internal-use software development costs we capitalize and amortize could change in future periods.

Legal and Other Contingencies

We are subject to legal proceedings and litigation arising in the ordinary course of business. Periodically, we evaluate the status of each legal matter and assess our potential financial exposure. If the potential loss from any legal proceeding or litigation is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Significant judgment is required to determine the probability of a loss and whether the amount of the loss is reasonably estimable. The outcome of any proceeding is not determinable in advance. As a result, the assessment of a potential liability and the amount of accruals recorded are based only on the information available to us at the time. As additional information becomes available, we reassess the potential liability related to the legal proceeding or litigation, and may revise our estimates. Any revisions could have a material effect on our results of operations.

We conduct operations in many tax jurisdictions throughout the United States. In many of these jurisdictions, non-income-based taxes, such as sales and use and telecommunications taxes are assessed on our operations. We are subject to indirect taxes, and may be subject to certain other taxes, in some of these jurisdictions. Historically, we have not billed or collected these taxes and, in accordance with U.S. GAAP, we have recorded a provision for our tax exposure in these jurisdictions when it is both probable that a liability has been incurred and the amount of the

exposure can be reasonably estimated. As a result we have recorded a liability of $5.3 million, $10.3 million and $13.6 million as of December 31, 2013 and 2014 and June 30, 2015, respectively. These estimates are based on several key assumptions, including the taxability of our products, the jurisdictions in which we believe we have nexus and the sourcing of revenues to those jurisdictions. In the event these jurisdictions challenge our assumptions and analysis, our actual exposure could differ materially from our current estimates.

Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-05, *"Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*." ASU 2015-05 provides guidance 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 guidance is effective for annual and interim periods starting after December 15, 2015 with early adoption permitted. We plan to adopt this guidance prospectively from its effective date. We are evaluating the effect that ASU 2015-05 will have on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*." This new guidance will replace most existing U.S. GAAP guidance on this topic. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, which deferred by one year the effective date for the new revenue reporting standard for entities reporting under U.S. GAAP. In accordance with the deferral, this guidance will be effective for us beginning January 1, 2018 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Early adoption is permitted beginning January 1, 2017. We are evaluating the impact of adopting this new accounting standard on its financial statements and have not selected a transition method.

JOBS Act

Under the JOBS Act, we meet the definition of an "emerging growth company." As such, we may avail ourselves of an extended transition period for complying with new or revised accounting standards. However, we have chosen to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

BUSINESS

Overview

Software developers are reinventing nearly every aspect of business today. Yet as developers, we repeatedly encountered an area where we could not innovate—communications. Because communication is a fundamental human activity and vital to building great businesses, we wanted to incorporate communications into our software applications, but the barriers to innovation were too high. Twilio was started to solve this problem.

Twilio enables more meaningful communications through software.

Cloud platforms, a new category of software that enables developers to build and manage applications without the complexity of creating and maintaining the underlying infrastructure, have arisen to enable a fast pace of innovation across a range of categories. We are the market leader in the Cloud Communications Platform category, and we enable developers to build, scale and operate real-time communications within software applications.

Our developer-first platform approach consists of three things: our Programmable Communications Cloud, Super Network and Business Model for Innovators. Our Programmable Communications Cloud software enables developers to embed voice, messaging, connectivity, video and authentication capabilities into their applications via our simple-to-use Application Programming Interfaces, or APIs. The Super Network is our software layer that allows our customers' software to communicate with connected devices globally. It interconnects with communications networks around the world and continually analyzes data to optimize the quality and cost of communications that flow through our platform. Our Business Model for Innovators empowers developers by reducing friction and upfront costs, encouraging experimentation and enabling developers to grow as customers as their ideas succeed.

We have over 21,000 Active Customers, representing organizations big and small, old and young, across nearly every industry, with one thing in common: they are competing by using the power of software to build differentiation through communications. With our platform, our customers are disrupting existing industries and creating new ones. For example, our customers have reinvented hired transportation by connecting riders and drivers, with communications as a critical part of each transaction. Our customers' software applications use our platform to notify a diner when a table is ready, a traveler when a flight is delayed or a shopper when a package has shipped. The range of applications that developers build with the Twilio platform has proven to be nearly limitless.

Our goal is for Twilio to be in the toolkit of every software developer in the world. To date, over 800,000 developer accounts have been registered on our platform. Because big ideas often start small, we encourage developers to experiment and iterate on our platform. We love when developers explore what they can do with Twilio, because one day they may have a business problem that they will use our products to solve.

As our customers succeed, we share in their success through our usage-based revenue model. Our revenue grows as customers increase their usage of a product, extend their usage of a product to new applications or adopt a new product. We believe the most useful indicator of this increased activity from our existing customers is our Dollar-Based Net Expansion Rate, which was 147% for the six months ended June 30, 2015. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics—Dollar-Based Net Expansion Rate."

We have achieved significant growth in recent periods. For the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015, our revenue was $49.9 million, $88.8 million and $71.3 million, respectively. We generated a net loss of $26.9 million, $26.8 million

and $18.2 million for the years ended December 31, 2013 and 2014, and the six months ended June 30, 2015, respectively.

Industry Background

Trends in Our Favor

Rise of Software Developers

Software developers are increasingly influential and essential within modern organizations. In the past, software was primarily used to automate back-office functions. Now, software is often used to disrupt industries and transform products and services, thereby redefining how many organizations engage with their customers. This shift has significantly increased the value and influence of software developers across organizations of all sizes and industries. Evans Data Corporation estimates that there were 19 million developers worldwide in 2014 and this number is expected to grow to more than 25 million by 2020. The demand for developers is not limited to technology companies; in 2012, 57% of all developers were employed by non-software companies, according to a survey by the U.S. Bureau of Labor Statistics. According to recent reports, Nike employs more software engineers than it does clothing and apparel designers and General Electric is on track to become one of the 10 largest software companies based on software revenue.

Differentiation Must Increasingly Be Built, Not Bought

In order for organizations to deliver differentiated customer experiences that build or extend competitive advantage, they are increasingly investing in software development. Purchasing widely-available out-of-the-box software does not generally offer the customization that organizations require to deliver these differentiated customer experiences. In fact, Gartner predicts that by 2020, 75% of application purchases supporting digital business will be "build, not buy." Bank of America, for example, is investing heavily in mobile banking applications, which considerably enhanced its customer experience and enabled it to reduce the number of retail branches. As another example, Starbucks has reported that nearly 20% of its U.S. transactions now take place through its mobile application. Organizations are adding the software development competencies necessary to build applications that delight their customers.

Agility of Software Accelerates Pace of Innovation

The way organizations build, deploy and scale modern applications has fundamentally changed. Organizations must continuously bring new applications and features to market to differentiate themselves from their competitors and to build or extend their competitive advantage. Heightened consumer expectations for real-time, personalized interaction further necessitate rapid innovation. In order to satisfy these needs, developers must be empowered to freely experiment, quickly prototype and rapidly deploy new applications that are massively scalable. Legacy infrastructure does not support this new paradigm for developers because it typically has been slow, complex and costly to implement, and inflexible to operate and iterate.

Cloud Platforms As Building Blocks for Modern Applications

Cloud platforms, a new category of software that enables developers to build and manage applications without the complexity of creating and maintaining the underlying infrastructure, have arisen to enable the fast pace of innovation required by modern applications. These platforms typically provide global, scalable and cost-effective solutions. For example, cloud platforms, such as Amazon Web Services, IBM Bluemix and Microsoft Azure, have abstracted computing infrastructure into software, enabling organizations to build and operate applications without purchasing, configuring or managing the underlying hardware and software. Cloud platforms are emerging across a range of categories, including analytics, communications, computing, mapping, payments

and storage. These cloud platforms are enabling every organization, from small startups to Fortune 500 enterprises, to experiment, prototype and deploy next-generation applications.

Contextual Communications Are Transforming Applications

Communication is fundamental to human activity and vital to building great businesses. While software has transformed business, communications technology has largely failed to evolve. In fact, the phone app on today's smartphones is merely a touch screen representation of the push-button phone invented in the 1960s.

Today, there is demand for communications to be embedded into applications where communications can be deeply integrated with the context of users' lives, such as personal and business identities, relationships, locations and daily schedules. This type of contextual communications enables developers to build the powerful applications that are differentiating organizations. Whether an application is designed to book a hotel, hail a ride or aid a delayed traveler, enabling users to seamlessly communicate in context is critical to a delightful experience. Contextual communications are transforming applications and replacing siloed communications applications, such as the phone app.

Limitations of Legacy Products

Legacy products were not designed with the software mindset and are therefore unable to address the foregoing trends. These products suffer from significant limitations including that they are:

- **Monolithic.** Legacy products have fixed functionality for predetermined use cases. Therefore, they are not designed to enable developers to build and integrate communications functionality into applications.

- **Costly.** Legacy products generally require expensive hardware installations, software licenses and ongoing operational maintenance expenses. The presence of large upfront costs bars developers from experimenting and iterating on new solutions.

- **Complicated.** Some legacy products have extensibility features, however, they tend to use esoteric telecom protocols, vendor specific implementations and lack robust documentation.

- **Geopolitically Bounded.** Software applications are inherently global, yet many legacy communications products are built and optimized to run on individual communications networks that are geopolitically bounded. These products lack the global connectivity, service contracts and software intelligence necessary to seamlessly offer scalable and reliable global communications. Enabling communications software to reach disparate geographies requires complex hardware configuration, local and global telecommunications expertise and a significant number of service contracts.

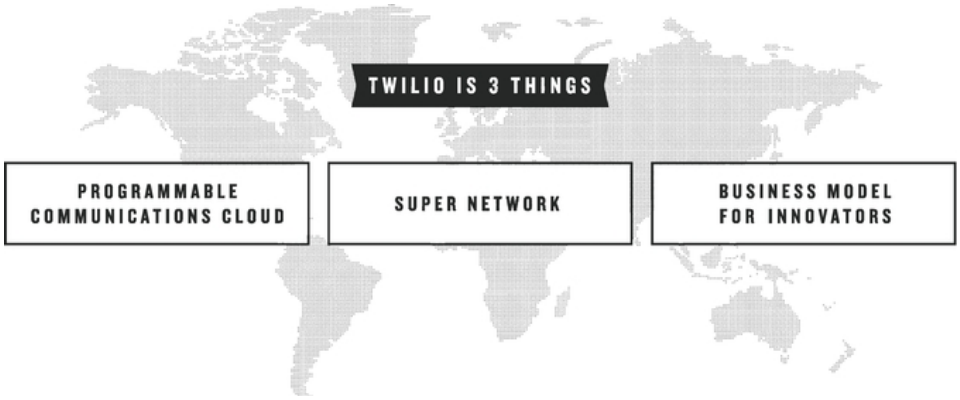
- **Impractical to Scale.** Based in single-tenant hardware and physical networks, legacy products have typically been unable to scale elastically to meet customer demand without overprovisioning network resources for peak utilization.

These limitations have hindered innovation. As a result, many innovative ideas have never even been attempted with legacy products, let alone realized. Over time, many attempts have been made to evolve the communications industry with software. However, we believe that no legacy product has truly empowered the global developer community to transform their applications with communications.

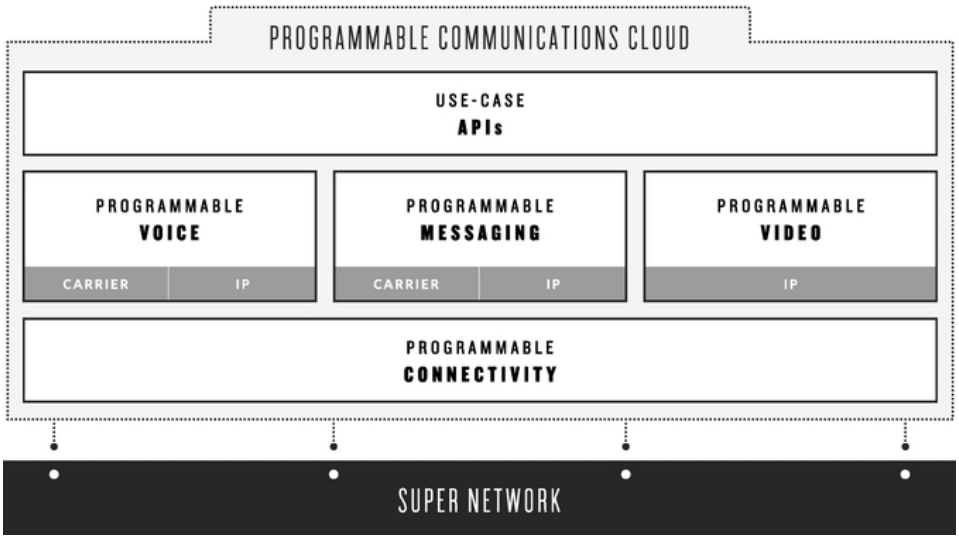
Our Platform Approach

Twilio enables more meaningful communications through software. We enable developers to build, scale and operate real-time communications within software applications.

We believe every application can be enhanced through the power of communication. Over time, we believe that all of our communications that do not occur in person will be integrated into software applications. Our platform approach enables developers to build this future.



Our Programmable Communications Cloud, Super Network and Business Model for Innovators work together to create value for our customers and a competitive advantage for our company.



Our Programmable Communications Cloud

Our Programmable Communications Cloud provides a range of products that enables developers to embed voice, messaging, connectivity, video and authentication capabilities into their applications. Our easy-to-use developer APIs provide a programmatic channel to access our software. Developers can utilize our intuitive programming language, TwiML, to specify application functions such as <Dial>, <Record> and <Play>, leveraging our software to manage the complexity of executing the specified functions.

Our Programmable Communications Cloud consists of software products that can be used individually or in combination to build rich contextual communications within applications. Our Programmable Communications Cloud includes:

- **Programmable Voice.** Our Programmable Voice software products allow developers to build solutions to make and receive phone calls globally, and incorporate advanced voice functionality such as text-to-speech, conferencing, recording and transcription. Programmable Voice, through our advanced call control software, allows developers to build customized applications that address use cases such as contact centers, call tracking and analytics solutions and anonymized communications.

- **Programmable Messaging.** Our Programmable Messaging software products allow developers to build solutions to send and receive text messages globally, and incorporate advanced messaging functionality such as emoji, picture messaging and localized languages. Our customers use Programmable Messaging, through software controls, to power use cases, such as appointment reminders, delivery notifications, order confirmations and customer care.

- **Programmable Connectivity.** We allow enterprises to connect legacy hardware-based communications equipment to our Super Network, which enables elastic scaling, global reach and instant provisioning. This allows customers with legacy equipment to employ a software enabled cloud-based approach.

- **Programmable Video.** Our recently introduced Programmable Video software products enable developers to build next-generation mobile and web applications with embedded video, including for use cases such as customer care, collaboration and physician consultations.

- **Use Case APIs.** While developers can build a broad range of applications on our platform, certain use cases are more common. Our Use Case APIs build upon the above products to offer more fully implemented functionality for a specific purpose, such as two-factor authentication, thereby saving developers significant time in building their applications.

Using our software, developers, including our Solution Partner customers, are able to incorporate communications into applications that span a range of industries and functionalities.

Common Use Cases

- **Anonymous Communications.** Enabling users to have a trusted means of communications where they prefer not to share private information like their telephone number. Examples include conversations between drivers and riders or texting after meeting through a dating website.

- **Alerts and Notifications.** Alerting a user that an event has occurred, such as when a table is ready, a flight is delayed or a package is shipped.

- **Contextual Support.** Improving customer care with voice, messaging and video capabilities that integrate with other systems to add context, such as a caller's support ticket history or present location.

- **Call Tracking.** Using phone numbers to provide detailed analytics on phone calls to measure the effectiveness of marketing campaigns or lead generation activities in a manner similar to how web analytics track and measure online activity.

- **Mobile Marketing.** Integrating messaging with marketing automation technology, allowing organizations to deliver targeted and timely contextualized communications to consumers.

- **User Security.** Verifying user identity through two-factor authentication prior to log-in or validating transactions within an application's workflow. This adds an additional layer of security to any application.

- **Twilio For Good.** Partnering with nonprofit organizations through Twilio.org, to use the power of communications to help solve social challenges, such as an SMS hotline to fight human trafficking, an emergency volunteer dispatch system and appointment reminders for medical visits in developing nations.

Uncommon Use Cases

Our developers continually impress us with what they are able to build using our platform. In addition to our common use cases, we have a number of uncommon use cases that demonstrate the versatility of our platform and the creativity of our developer community.

- **Magic Routines.** Doug McKenzie is making magic new again by using his audience's own phones to perform classic street illusions. Audience members select a card, put it in their pocket without looking at it, and then text Doug's Twilio app which tells them their card correctly, every single time.

- **Robocall Firewall.** Aaron Foss turned a weekend project with Twilio's products into a service that won the FTC's first Robocall Challenge and then blocked over 15.1 million

robocalls in 2014. He anonymized and printed out each call blocked in 2014, and brought the reams of paper with him to the FCC to show the extent of robocalling.

- **Music Fan Engagement.** Grammy-winning musicians have utilized Twilio's platform to interact with fans by sharing lyrics, new releases and insights via voice recordings, text messages and videos.

- **Parkinson's Voice Initiative.** A team of mathematicians and clinicians have devised a system using Twilio that allows a person to call a number that records his or her voice to assist in identifying individuals that may have Parkinson's disease, potentially enabling early detection for those affected.

Our Super Network

Our Programmable Communications Cloud is built on top of our global software layer, which we call our Super Network. Our Super Network interfaces intelligently with communications networks globally. We do not own any physical network infrastructure. We use software to build a high performance network that optimizes performance for our customers. Our Super Network breaks down the geopolitical boundaries and scale limitations of the physical network infrastructure.

Our platform has global reach, consisting of 22 cloud data centers in seven regions. We interconnect those cloud data centers with network service providers around the world, giving us redundant means to reach users globally. These distributed data centers also allow our software to run in close proximity to end users and network service providers to minimize latency. We are continually adding new network service provider relationships as we scale.

Our Super Network analyzes massive volumes of data from end users, their applications and the communications networks to optimize our customers' communications for quality and cost. With every new message and call, our Super Network becomes more robust, intelligent and efficient, enabling us to provide better performance at lower prices to our customers. Our Super Network's sophistication becomes increasingly difficult for others to replicate over time.

Our Business Model for Innovators

Our goal is to include Twilio in the toolkit of every developer in the world. Because big ideas often start small, developers need the freedom and tools to experiment and iterate on their ideas.

In order to empower developers to experiment, our developer-first business model is low friction, eliminating the upfront costs, time and complexity that typically hinder innovation. Developers can begin building with a free trial. They have access to self-service documentation and free customer support to guide them through the process. Once developers determine that our software meets their needs, they can flexibly increase consumption and pay based on usage. In short, we acquire developers like consumers and enable them to spend like enterprises.

Strengths of Our Platform Approach

Our platform was built by developers for developers and our approach has the following strengths:

- **Developer Mind Share.** We are recognized as the leading platform for cloud communications, and we believe we set the standard for developers to build, scale and operate real-time communications within software applications. According to ProgrammableWeb, we have two of the top 10 APIs used by developers, both of which are the only two paid-APIs among the top 10.

- **Composable.** We are a platform company focused on providing software developers with the necessary building blocks to compose communications solutions that can be integrated into their applications. We believe this enables developers to build differentiated applications for a nearly limitless range of use cases.

- **Comprehensive.** Our Programmable Communications Cloud offers a breadth of functionality, including voice, messaging and video, all with global reach and across devices.

- **Easy to Get Started.** Developers can begin building with a free trial, allowing them to experiment and iterate on our platform. This approach eliminates the upfront costs and complexity that typically hinder innovation.

- **Easy to Build.** We designed our APIs so developers could quickly learn, access and build upon our Programmable Communications Cloud. Twilio is available in over 15 programming languages and frameworks. Developers also leverage our intuitive programming language, TwiML, to specify application functions such as <Dial>, <Record> and <Play>, and our software manages the complexity of executing the specified functions.

- **Easy to Scale.** Our platform allows our customers to scale elastically without having to rearchitect their applications or manage communications infrastructure. Our customers can scale up, or down, as much as they need and they only pay for what they use.

- **Multi-Tenant Architecture.** Our multi-tenant architecture enables all of our customers to operate on our platform while securely partitioning their application usage and data. In addition, our Solution Partner customers, which embed our products in the solutions they sell to other businesses, rely on our multi-tenant platform to independently manage their own customers' activity, track usage, control permissions and administer billing.

- **Reliable.** We have engineered resiliency into our software. Our platform consists of fault-tolerant and globally-distributed systems that have enabled our customers to operate their applications without significant failures or downtime.

- **Global.** Customers can write an application once and configure it to operate in nearly every country in the world without any change to the code. Our Super Network abstracts the commercial and technical complexities of regional communications networks and presents a united, global communications interface to our customers.

Our Opportunity

Gartner estimates that in 2015, $3.8 trillion will be spent on information technology globally, and 43% of all IT spending will be on communications. The $1.6 trillion spent on communications software and hardware represents almost five times the amount spent on enterprise software and 10 times the amount spent on data centers. We believe the limitations of existing hardware- and network-centric communications products historically have anchored the communications technology market in high cost and low functionality. Over time, we believe that a meaningful portion of the $1.6 trillion spent on communications technology will migrate from existing hardware and network-centric communications products to contextual communications solutions that are integrated into software applications.

Our Programmable Communications Cloud includes a suite of software products, including Programmable Voice, Programmable Messaging, Programmable Video, Programmable Connectivity and Programmable Authentication. As a result, our platform currently addresses significant portions of several large markets that, in aggregate, have been estimated by IDC to be $47.4 billion in 2017.

Specifically, IDC estimates that, in 2017:

- The Worldwide Application-to-Person SMS market will be $29.4 billion. Our Programmable Messaging products address portions of this market.
- Certain segments of the Worldwide Unified Communications and Collaboration market will be $16.4 billion. Our Programmable Voice and Programmable Video products address portions of these market segments.
- The Advanced Authentication segment of the Worldwide Identity and Access Management market will be $1.6 billion. Our Programmable Authentication products address portions of this market segment.

In addition, our Programmable Connectivity products address portions of the SIP Trunking market, which Infonetics expects to be $8.0 billion in 2018.

Our Growth Strategy

We are the leader in the Cloud Communications Platform category and intend to continue to set the pace for innovation. We will continue to invest aggressively in our platform approach, which prioritizes increasing our reach and scale. We intend to pursue the following growth strategies:

- **Continue Significant Investment in our Technology Platform.** We will continue to invest in building new software capabilities and extending our platform to bring the power of contextual communications to a broader range of applications, geographies and customers. We have a substantial research and development team, comprising 46% of our headcount as of June 30, 2015.
- **Grow Our Developer Community and Accelerate Adoption.** To date, over 800,000 developer accounts have been registered on our platform. We will continue to enhance our relationships with developers globally and seek to increase the number of registered developers on our platform. As of June 30, 2015, we had over 21,000 Active Customers. In addition to adding new developers, we believe there is significant opportunity for revenue growth from existing registered developer accounts who have not yet built their software applications with us, or whose applications are in their infancy and will grow with Twilio into an Active Customer.
- **Increase Our International Presence.** Our platform operates in over 180 countries today, making it as simple to communicate from São Paulo as it is from San Francisco. Customers outside the United States are increasingly adopting our platform, and for the six months ended June 30, 2015, international customers accounted for 15% of our total revenue. We are investing to meet the requirements of a broader range of global developers and enterprises. We plan to grow internationally by expanding our operations outside of the United States and collaborating with international strategic partners.
- **Further Enable Solution Partner Customers.** We have relationships with a number of Solution Partner customers that embed our products in the solutions that they sell to other businesses. We intend to expand our relationships with existing Solution Partner customers and to add new Solution Partner customers. We plan to invest in a range of initiatives to encourage increased collaboration with, and generation of revenue from, Solution Partner customers.
- **Expand Focus on Enterprises.** We plan to drive greater awareness and adoption of Twilio from enterprises across industries. We intend to increase our investment in sales and marketing to meet evolving enterprise needs globally, in addition to extending our

enterprise-focused platform capabilities and use cases. Additionally, we believe there is significant opportunity to expand our relationships with existing enterprise customers.

- **Expand ISV and SI Partnerships.** We have started developing relationships with independent software vendors, or ISVs, and system integrators, or SIs. ISVs integrate Twilio into their development platforms to extend the functionality of their platforms, which expands our reach to a broader range of customers. SIs provide consulting and development services for organizations that have limited software development expertise to build our platform into their software applications. We intend to continue to invest in and develop the ecosystem for our solutions in partnership with ISVs and SIs to accelerate awareness and adoption of our platform.

- **Selectively Pursue Acquisitions and Strategic Investments.** We may selectively pursue acquisitions and strategic investments in businesses and technologies that strengthen our platform. In February 2015, we acquired Authy, a leading provider of authentication-as-a-service for large-scale applications. With the integration of Authy, we now provide a cloud-based API to seamlessly embed two-factor authentication and phone verification into any application.

Our Values and Leadership Principles

Our core values, called our "Nine Values," are at the center of everything that we do. As a company built by developers for developers, these values guide us to work in a way that exemplifies many attributes of the developer ethos. These are not mere words on the wall. We introduce these values to new hires upon joining our company, and we continually weave these values into everything we do. Our values provide a guide for the way our teams work, communicate, set goals and make decisions.

We believe leadership is a behavior, not a position. In addition to our values, we have articulated the leadership traits we all strive to achieve. Our leadership principles apply to every

Twilion, not just managers or executives, and provide a personal growth path for employees in their journies to become better leaders.

The combination of our Nine Values and our leadership principles has created a blueprint for how Twilions worldwide interact with customers and with each other, and for how they respond to new challenges and opportunities.

Twilio.org

We believe we can create greater social good through better communications. Through Twilio.org, we donate and discount our products to nonprofits, who use our products to engage their audience, expand their reach and focus on making a meaningful change in the world. Twilio.org's mission is to send a billion messages for good. To that end, we have reserved 888,022 shares to fund Twilio.org's activities, which represented 1% of our outstanding capital stock on the date it was approved by our board of directors.

Our Products

Our Programmable Communications Cloud consists of software for voice, messaging, connectivity, video and authentication that empowers developers to build applications that can communicate with connected devices globally. We do not aim to provide complete business solutions, rather our Programmable Communications Cloud offers flexible building blocks that enable our customers to build what they need.

Programmable Voice

Our Programmable Voice software products allow developers to build solutions to make and receive phone calls globally, and incorporate advanced voice functionality such as text-to-speech, conferencing, recording and transcription. Programmable Voice, through our advanced call control software, allows developers to build customized applications that address use cases such as contact centers, call tracking and analytics solutions and anonymized communications. Our voice

software works over both the traditional public switch telephone network, as Twilio Voice, and over Internet Protocol, as Twilio Client. Programmable Voice includes:

- **Twilio Voice.** Initiate, receive and manage phone calls globally.
- **Twilio Client Web.** Initiate, receive and control calls between web browsers and landlines or mobile phones.
- **Twilio Client Mobile.** Embed IP voice calling into native Apple iOS and Google Android apps.
- **Call Recording.** Securely record, store, transcribe and retrieve voice calls in the cloud.
- **Global Conference.** Integrate audio conferencing that intelligently routes calls through cloud data centers in the closest of six geographic regions to reduce latency. Scales from Basic, for a limited number of participants, to Epic, for an unlimited number of participants.

Programmable Messaging

Our Programmable Messaging software products allow developers to build solutions to send and receive text messages globally, and incorporate advanced messaging functionality such as emoji, picture messaging and localized languages. Our customers use Programmable Messaging, through software controls, to power use cases, such as appointment reminders, delivery notifications, order confirmations and customer care. We offer messaging over long-code numbers, short-code numbers and over IP through our Android, iOS and JavaScript software development kits. Programmable Messaging includes:

- **Twilio SMS.** Programmatically send, receive and track SMS messages around the world, supporting localized languages in nearly every market.
- **Twilio MMS.** Exchange picture messages and more over U.S. and Canadian phone numbers from customer applications with built-in image transcoding and media storage.
- **Copilot.** Intelligent software layer that handles tasks, such as dynamically sending messages from a phone number that best matches the geographic location of the recipient based on a global pool of numbers.
- **IP Messaging.** Deploy contextual, in-app messaging at global scale.
- **Short Codes.** A five to seven digit phone number in the United States, Canada and the United Kingdom used to send and receive a high-volume of messages per second.
- **Toll-Free SMS.** Send and receive text messages with the same toll-free number used for voice calls in the United States and Canada.

Programmable Connectivity

We allow enterprises to connect legacy hardware-based communications equipment to our Super Network, which enables elastic scaling, global reach and instant provisioning. This allows customers with legacy equipment to employ a software enabled cloud-based approach. Programmable Connectivity includes:

- **Elastic SIP Trunking.** Connect legacy applications over IP infrastructure to our Super Network with globally-available phone numbers and pay-as-you-go pricing.
- **Instant Phone Number Provisioning.** Acquire local, national, mobile and toll-free phone numbers on demand in over 40 countries and connect them into the customers' applications.

Programmable Video

Our recently introduced Programmable Video software products enable developers to build next-generation mobile and web applications with embedded video, including for use cases such as customer care, collaboration and physician consultations. Programmable Video includes:

- **Twilio Video.** Create rich, multi-party video experiences in applications powered by a global cloud infrastructure for peer-to-peer calls.
- **Network Traversal.** Provide low-latency, cost-effective and reliable Session Traversal Utilities for NAT (STUN) and Traversal Using Relay for NAT (TURN) capabilities distributed across five continents. This functionality allows developers to initiate peer-to-peer video session across any internet-connected device globally.

Use Case APIs

While developers can build a broad range of applications on our platform, certain use cases are more common. Our Use Case APIs build upon the above products to offer more fully implemented functionality for a specific purpose, such as two-factor authentication, thereby saving developers significant time in building their applications. The following are common uses cases for our Use Case APIs:

Programmable Authentication

Identity and communications are closely linked, and this is a critical business need for our customers. Using our two-factor authentication APIs, developers can add an extra layer of security to their applications with second-factor passwords sent to a user's phone via SMS, voice or push notifications. Our Programmable Authentication products include:

- **Authy SoftToken.** Users authenticate with a dynamic seven-digit code available from the Authy app on their registered mobile phone, desktop or Apple Watch.
- **Authy OneTouch.** Users receive push notifications to approve or deny an authentication request with a simple "yes" or "no" response on their registered smartphone.
- **Authy OneCode.** Users authenticate with a unique code delivered to their registered phone number via SMS or voice automated phone call.

TaskRouter

A software product that enables intelligent multi-task routing in contact centers to optimize workflows, such as routing a call to an available agent. A task can be a phone call, SMS, lead, support ticket or even machine learning from a connected device.

Our Employees

As of June 30, 2015, we had a total of 424 employees, including 47 employees located outside the United States. None of our employees is 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.

Research and Development

Our research and development efforts are focused on ensuring that our platform is resilient and available to our customers at any time, and on enhancing our existing products and developing new products.

Our research and development organization is built around small development teams. Our small development teams foster greater agility, which enables us to develop new, innovative products and make rapid changes to our infrastructure that increase resiliency and operational efficiency. Our development teams designed, built and continue to expand our Programmable Communications Cloud, which enables developers to embed voice, messaging, connectivity, video and authentication capabilities into their applications. Our development teams have also designed, built and continue to expand the software infrastructure that we have deployed to create our Super Network.

As of June 30, 2015, we had 195 employees in our research and development organization. We intend to continue to invest in our research and development capabilities to extend our platform and bring the power of contextual communications to a broader range of applications, geographies and customers.

Sales and Marketing

Our sales and marketing teams work together closely to drive awareness and adoption of our platform, accelerate customer acquisition and generate revenue from customers.

Our go-to-market model is primarily focused on reaching and serving the needs of developers. We are a pioneer of developer evangelism and education and have cultivated a large global developer community. We reach developers through community events and conferences, including our SIGNAL developer conference, to demonstrate how every developer can create differentiated applications incorporating communications using our products.

Once developers are introduced to our platform, we provide them with a low-friction trial experience. By accessing our easy-to-configure APIs, extensive self-service documentation and customer support team, developers can build our products into their applications and then test such applications through free trials. Once they have decided to use our products beyond the initial free trial period, customers provide their credit card information and only pay for the actual usage of our products. Historically, we have acquired the substantial majority of our customers through this self-service model. As customers expand their usage of our platform, our relationships with them often evolve to include business leaders within their organizations. Once customers reach a certain spending level with us, we assign them to customer success advocates or account managers to ensure their satisfaction and expand their usage of our products.

When potential customers do not have the available developer resources to build their own applications, we refer them to our Solution Partners, who embed our products in their solutions that they sell to other businesses, such as contact centers and sales force and marketing automation.

We recently began to supplement our self-service model with a sales effort aimed at engaging larger potential customers, strategic leads and existing customers through an enterprise sales approach. Our sales organization targets technical leaders and business leaders who are seeking to leverage software to drive competitive differentiation. As we educate these leaders on the benefits of developing applications incorporating our products to differentiate their business, they often consult with their developers regarding implementation. We believe that developers are often advocates for our products as a result of our developer-focused approach. Our sales organization is composed of inside sales and field sales personnel, each of whom specializes in a subset of our products.

As of June 30, 2015, we had 159 employees in our sales and marketing organization.

Customer Support

We have designed our products and platform to be self-service and require minimal customer support. To enable seamless self-service, we provide all of our users with helper libraries, comprehensive documentation, how-to's and tutorials. We supplement and enhance these tools with the participation of our engaged developer community. In addition, we provide support options to address the individualized needs of our customers. All developers get free email based support with API status notifications. Our developers also engage with the broader Twilio community to resolve certain issues.

We also offer three additional paid tiers of email and phone support with increasing levels of availability and guaranteed response times. Our highest tier personalized plan is intended for our largest customers and includes guaranteed response times that vary based on the priority of the request, a dedicated support engineer, a duty manager and quarterly status review. Our support model is global, with 24x7 coverage and support offices located in the United States, the United Kingdom and Estonia.

Competition

The market for Cloud Communications Platform is rapidly evolving and increasingly competitive. We believe that the principal competitive factors in our market are:

- completeness of offering;
- credibility with developers;
- global reach;
- ease of integration and programmability;
- product features;
- platform scalability, reliability, security and performance;
- brand awareness and reputation;
- the strength of sales and marketing efforts;
- customer support; and
- the cost of deploying and using our products.

We believe that we compete favorably on the basis of the factors listed above. We believe that none of our competitors currently compete directly with us across all of our product offerings.

Our competitors fall into four primary categories:

- legacy on-premise vendors, such as Avaya and Cisco;
- regional network service providers that offer limited developer functionality on top of their own physical infrastructure;
- smaller software companies that compete with portions of our product line; and
- SaaS companies that offer prepackaged applications for a narrow set of use cases.

Some of our competitors have greater financial, technical and other resources, greater name recognition, larger sales and marketing budgets and larger intellectual property portfolios. As a result, certain of our competitors 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 competitors may offer products or services that address one or a limited number of functions

at lower prices, with greater depth than our products or geographies where we do not operate. With the introduction of new products and services and new market entrants, we expect competition to intensify in the future. Moreover, as we expand the scope of our platform, we may face additional competition.

Intellectual Property

We rely on a combination of patent, copyright, trademark and trade secret laws in the United States and other jurisdictions, as well as license agreements and other contractual protections, to protect our proprietary technology. We also rely on a number of registered and unregistered trademarks to protect our brand.

As of June 30, 2015, in the United States, we had been issued 21 patents, which expire between 2029 and 2034, and had 40 patent applications pending for examination and 17 pending provisional applications. As of such date, we also had four issued and nine patent applications pending for examination in foreign jurisdictions, all of which are related to U.S. patents and patent applications. In addition, as of June 30, 2015, we had two registered trademarks in the United States.

In addition, we seek to protect our intellectual property rights by implementing a policy that requires our employees and independent contractors involved in development of intellectual property on our behalf to enter into agreements acknowledging that all works or other intellectual property generated or conceived by them on our behalf are our property, and assigning to us any rights, including intellectual property rights, that they may claim or otherwise have in those works or property, to the extent allowable under applicable law.

Despite our efforts to protect our technology and proprietary rights through intellectual property rights, licenses and other contractual protections, unauthorized parties may still copy or otherwise obtain and use our software and other technology. In addition, we intend to continue to expand our international operations, and effective intellectual property, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Further, companies in the communications and technology industries may own large numbers of patents, copyrights and trademarks and may frequently threaten litigation, or file suit against us based on allegations of infringement or other violations of intellectual property rights. We are currently subject to, and expect to face in the future, allegations that we have infringed the intellectual property rights of third parties, including our competitors and non-practicing entities.

Properties

Our corporate headquarters is located in San Francisco, California and consists of approximately 50,000 square feet of space under a lease that expires in April 2018. In addition to our headquarters, we lease space in Mountain View, California, Tallinn, Estonia and Bogota, Colombia as additional research and development offices. We also lease space for additional sales and marketing offices in the following cities: New York, Dublin, London, Munich, Hong Kong and Singapore. Our Dublin office is our international headquarters.

We lease all of our facilities and do not own any real property. We intend to procure additional space in the future as we continue to add employees and expand geographically. We believe our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Regulatory

We are subject to a number of U.S. federal and state and foreign laws and regulations that involve matters central to our business. These laws and regulations may involve privacy, data protection, intellectual property, competition, consumer protection, export taxation or other subjects. Many of the laws and regulations to which we are subject are still evolving and being tested in courts and could be interpreted in ways that could harm our business. In addition, the application and interpretation of these laws and regulations often are uncertain, particularly in the new and rapidly evolving industry in which we operate. Because global laws and regulations have continued to develop and evolve rapidly, it is possible that we may not be, or may not have been, compliant with each such applicable law or regulation.

The Telephone Consumer Protection Act of 1991, or TCPA, restricts telemarketing and the use of automatic text messages without proper consent. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by obtaining proper consent, we could face direct liability.

Legal Proceedings

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. We have received, and may in the future continue to receive, claims from third parties asserting, among other things, infringement of their intellectual property rights. Future litigation may be necessary to defend ourselves, our partners and our customers by determining the scope, enforceability and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

On April 30, 2015, Telesign Corporation, or Telesign, filed a lawsuit against us in the United States District Court, Central District of California. Telesign alleges that we are infringing three U.S. patents held by it: U.S. Patent No. 8,462,920, U.S. Patent No. 8,687,038 and U.S. Patent No. 7,945,034. With respect to each of the patents, the complaint seeks, among other things, to enjoin us from allegedly infringing the patents along with damages for lost profit. We intend to vigorously defend this lawsuit, and believe we have meritorious defenses. However, litigation is inherently uncertain, and any judgment or injunctive relief entered against us or any adverse settlement could negatively affect our business, results of operations and financial condition.

MANAGEMENT

Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of November 6, 2015:

Name	Age	Position
Executive Officers:		
Jeff Lawson	38	Co-Founder, Chief Executive Officer and Chairman
Roy Ng	37	Chief Operating Officer
Lee Kirkpatrick	54	Chief Financial Officer
Karyn Smith	51	General Counsel
Non-Employee Directors:		
Richard Dalzell	58	Director
Byron Deeter	41	Director
James McGeever	48	Director
Scott Raney	46	Director

Executive Officers

Jeff Lawson. Mr. Lawson is one of our founders and has served as our Chief Executive Officer and as a member of our board of directors since April 2008 and has served as the Chairman of our board of directors since November 2015. From 2001 to 2008, Mr. Lawson served as founder and Chief Technology Officer of Nine Star, Inc., a multi-channel retailer of equipment and apparel to the action sports industry. From 2004 to 2005, Mr. Lawson served as Technical Product Manager of Amazon.com, Inc., an electronic commerce and cloud computing company. In 2000, Mr. Lawson served as Chief Technology Officer of StubHub, Inc., an online marketplace for live entertainment events. From 1998 to 2000, Mr. Lawson served in several roles at Versity.com, Inc., a website for college lecture notes, including as founder, Chief Executive Officer and Chief Technology Officer. Mr. Lawson holds a B.S. in Computer Science and Film/Video from the University of Michigan.

Mr. Lawson was selected to serve on our board of directors because of the perspective and experience he brings as our Chief Executive Officer, one of our founders and as one of our largest stockholders, as well as his extensive experience as an executive with other technology companies.

Roy Ng. Mr. Ng has served as our Chief Operating Officer since September 2014. From February 2012 to August 2014, Mr. Ng served in several roles at SAP America, Inc., or SAP, an enterprise software company, including as Senior Vice President and Chief Operating Officer of SAP's cloud business. From August 2009 to February 2012, Mr. Ng served as Vice President of Global Business Operations at SuccessFactors, Inc., a cloud-based human capital management software company, which was acquired by SAP in 2011. From 2000 to 2009, Mr. Ng served in several roles at Goldman Sachs (Asia) LLC and The Goldman Sachs Group, Inc., including as Vice President in the Investment Banking Division. Mr. Ng holds a B.A. in Political Science and a B.S. in Business Administration from the University of California, Berkeley.

Lee Kirkpatrick. Mr. Kirkpatrick has served as our Chief Financial Officer since May 2012. From November 2010 to December 2011, Mr. Kirkpatrick served as Chief Financial Officer of SAY Media, Inc., a digital media and advertising firm formed by the combination of VideoEgg, Inc. and SixApart, Ltd. From 2007 to 2010, Mr. Kirkpatrick served as Chief Operating Officer and Chief Financial Officer of VideoEgg, Inc., an online advertising network. From 2005 to 2006, Mr. Kirkpatrick served as Chief Operating Officer of Kodak Imaging Network at the Eastman Kodak

Company, an imaging company. From 2000 to 2005, Mr. Kirkpatrick served in several roles at Ofoto Inc., an online photography service, which was acquired by Eastman Kodak Company in 2001, including as Chief Operating Officer and Chief Financial Officer. From 1998 to 2000, Mr. Kirkpatrick served as Chief Financial Officer of iOwn, Inc., an online real estate services website, which was acquired by CitiMortgage, Inc. in 2001. From 1997 to 1998, Mr. Kirkpatrick served as Chief Financial Officer of HyperParallel, Inc., a data mining software company, which was acquired by Yahoo! Inc. in 1998. From 1988 to 1997, Mr. Kirkpatrick served in several roles at Reuters Group PLC, a financial information and news service company, including as Manager of Special Projects, District Finance Manager and Director of Finance and Operations. Mr. Kirkpatrick holds a B.S. in Business Administration from the University of Southern California and an M.B.A. from Columbia University.

Karyn Smith. Ms. Smith has served as our General Counsel since September 2014. From October 2013 to August 2014, Ms. Smith served as Chief Operating Officer and General Counsel at Peek, Aren't You Curious, Inc., a children's clothing company. From January 2013 to August 2013, Ms. Smith served as General Counsel at Meltwater Group Inc., a software-as-a-service company. From August 2009 to June 2012, Ms. Smith served as Vice President and Deputy General Counsel at Zynga Inc., an online video game company. Prior to Zynga, Ms. Smith was a partner at Cooley LLP, a law firm, where she practiced law for 10 years. Ms. Smith holds a Bachelor of Journalism from the University of Missouri, Columbia and a J.D. from Santa Clara University School of Law.

Non-Employee Directors

Richard Dalzell. Mr. Dalzell has served as a member of our board of directors since 2014. From 1997 to 2007, Mr. Dalzell served in several roles at Amazon.com, Inc., including as Senior Vice President of Worldwide Architecture and Platform Software and Chief Information Officer. From 1990 to 1997, Mr. Dalzell served in several roles at Wal-Mart Stores, Inc., a discount retailer, including as Vice President of the Information Systems Division. Mr. Dalzell currently serves on the board of directors of Intuit Inc., a software company. Mr. Dalzell holds a B.S. in Engineering from the United States Military Academy.

Mr. Dalzell was selected to serve on our board of directors because of his experience as an executive and director of technology companies.

Byron Deeter. Mr. Deeter has served as a member of our board of directors since 2010. Since 2005, Mr. Deeter has served as a partner of Bessemer Venture Partners, a venture capital firm. From 2004 to 2005, Mr. Deeter served as a director at International Business Machines Corporation, or IBM, a technology and consulting company. From 2000 to 2004, Mr. Deeter served in several roles at Trigo Technologies, Inc., a product information management company, which was acquired IBM in 2004, including co-founder, President, Chief Executive Officer and Vice President of Business Development. From 1998 to 2000, Mr. Deeter served as an Associate at TA Associates, a private equity firm. From 1996 to 1998, Mr. Deeter served as an Analyst at McKinsey & Company, a business consulting firm. Mr. Deeter currently serves on the boards of directors of several privately-held companies. Mr. Deeter holds a B.A. in Political Economy from the University of California, Berkeley.

Mr. Deeter was selected to serve on our board of directors because of his experience in the venture capital industry and as a director of publicly-held and privately-held technology companies.

James McGeever. Mr. McGeever has served as a member of our board of directors since 2012. Since 2000, Mr. McGeever has served in several roles at NetSuite Inc., a software company, including Chief Financial Officer, Chief Operating Officer and President. From 1998 to 2000, Mr. McGeever served as Controller for Clontech Laboratories, Inc., a biotechnology company, which

was acquired by Becton, Dickinson and Company in 1999. From 1994 to 1998, Mr. McGeever served as Corporate Controller for Photon Dynamics, Inc., a capital equipment maker. Previously, Mr. McGeever worked at Ernst & Young, a professional services firm. Mr. McGeever holds a B.Sc. from the London School of Economics.

Mr. McGeever was selected to serve on our board of directors because of his operating and management experience with technology companies, including in the areas of finance and accounting.

Scott Raney. Mr. Raney has served as a member of our board of directors since 2013. Since 2000, Mr. Raney has served as a partner of Redpoint Ventures, a venture capital firm. Prior to joining Redpoint, Mr. Raney served as Senior Manager of New Products of NorthPoint Communications Group Inc., a data transmission company. Prior to Northpoint, Mr. Raney served as a Consultant for Bain & Company, a business consulting firm. Earlier in his career, Mr. Raney served as Director of Engineering for VideoPort Technologies, Inc., a developer of videoconferencing hardware, and as a member of the Advanced Technology Group of Accenture, a business consulting firm. Mr. Raney holds a B.S.E.E. from Duke University and an M.B.A. from the Harvard Business School.

Mr. Raney was selected to serve on our board of directors because of his experience in the venture capital industry and as a director of publicly-held and privately-held technology companies.

Each executive officer serves at the discretion of our board of directors and holds office until his successor is duly elected and qualified or until his earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

Code of Business Conduct and Ethics

Our board of directors will adopt a code of business conduct and ethics that will apply to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our code of business conduct and ethics will be posted on the investor relations page on our website. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website or in filings under the Exchange Act.

Board of Directors

Our business and affairs are managed under the direction of our board of directors. Our board of directors consists of five directors, four of whom qualify as "independent" under the listing standards of the . Pursuant to our current certificate of incorporation and amended and restated voting agreement, our current directors were elected as follows:

- Mr. Lawson was elected as the designee reserved for the person serving as our Chief Executive Officer;
- Mr. Deeter was elected as the designee nominated by Bessemer Venture Partners;
- Mr. Raney was elected as the designee nominated by Redpoint Omega II, L.P.; and
- Messrs. Dalzell and McGeever were elected as the designees nominated and approved by a majority of the other members of our board of directors.

Our amended and restated voting agreement will terminate and the provisions of our current certificate of incorporation by which our directors were elected will be amended and restated in connection with this offering. After this offering, the number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and

amended and restated bylaws that will become effective immediately prior to the completion of this offering. Each of our current directors will continue to serve as a director until the election and qualification of his successor, or until his earlier death, resignation or removal.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his background, employment and affiliations, our board of directors has determined that Messrs. Dalzell, Deeter, McGeever and Raney do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the listing standards of the . In making these determinations, our board of directors considered the current and prior 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 capital stock by each non-employee director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Committees of the Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors is described below. Members will serve on these committees until their resignation or until as otherwise determined by our board of directors.

Audit Committee

Our audit committee consists of Messrs. McGeever and Raney, with Mr. McGeever serving as Chairman. Each member of our audit committee meets the requirements for independence under the listing standards of the and SEC rules and regulations. Each member of our audit committee also meets the financial literacy and sophistication requirements of the listing standards of the . In addition, our board of directors has determined that Mr. McGeever is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act of 1933, as amended, or the Securities Act. Following the completion of this offering, our audit committee will, among other things:

- select a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- help to ensure the independence and performance of the independent registered public accounting firm;
- discuss the scope and results of the audit with the independent registered public accounting firm, and review, with management and the independent registered public accounting firm, our interim and year-end results of operations;
- develop procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- review our policies on risk assessment and risk management;
- review related party transactions; and
- approve or, as required, pre-approve, all audit and all permissible non-audit services, other than de minimis non-audit services, to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable rules and regulations of the SEC and the listing standards of the .

Compensation Committee

Our compensation committee consists of Messrs. McGeever and Deeter, with Mr. Deeter serving as Chairman. Each member of our compensation committee meets the requirements for independence under the listing standards of the and SEC rules and regulations. Each member of our compensation committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, or Rule 16b-3, and an outside director, as defined pursuant to Section 162(m) of the Code, or Section 162(m). Following the completion of this offering, our compensation committee will, among other things:

- review, approve and determine, or make recommendations to our board of directors regarding, the compensation of our executive officers;
- administer our equity compensation plans;
- review and approve, or make recommendations to our board of directors, regarding incentive compensation and equity compensation plans; and
- establish and review general policies relating to compensation and benefits of our employees.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable rules and regulations of the SEC and the listing standards of the .

Nominating and Corporate Governance Committee

Our nominating and governance committee consists of Messrs. , and , with Mr. serving as Chairman. Each member of our nominating and governance committee meets the requirements for independence under the listing standards of the and SEC rules and regulations. Following the completion of this offering, our nominating and corporate governance committee will, among other things:

- identify, evaluate and select, or make recommendations to our board of directors regarding, nominees for election to our board of directors and its committees;
- evaluate the performance of our board of directors and of individual directors;
- consider and make recommendations to our board of directors regarding the composition of our board of directors and its committees;
- review developments in corporate governance practices;
- evaluate the adequacy of our corporate governance practices and reporting; and
- develop and make recommendations to our board of directors regarding corporate governance guidelines and matters.

Our nominating and corporate governance committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of the .

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been 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 (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors or compensation committee. From April 2015 through July 2015, we sold an aggregate of 88,417 shares of our Series E convertible preferred stock to Bessemer Venture Partners VII L.P., Bessemer Venture Partners VII Institutional L.P. and BVP VII Special Opportunity Fund L.P. at a purchase price of approximately $11.31 per share, for an aggregate purchase price of $999,996.27. Mr. Deeter is a partner of Bessemer Venture Partners. The sale of our Series E convertible preferred stock financing to Bessemer Venture Partners VII L.P., Bessemer Venture Partners VII Institutional L.P. and BVP VII Special Opportunity Fund L.P. was made in connection with our Series E convertible preferred stock financing and on substantially the same terms and conditions as all other sales of our Series E convertible preferred stock by us.

Non-Employee Director Compensation

Other than as set forth in the table and described more fully below, we did not pay any compensation or make any equity awards or non-equity awards to any of our non-employee directors during the year ended December 31, 2014. Directors may be reimbursed for travel, food, lodging and other expenses directly related to their activities as directors. Non-employee directors affiliated with Bessemer Venture Partners, Redpoint Omega II, L.P. and Union Square Ventures 2008, L.P., including Messrs. Deeter, Raney and Wenger (a prior member of our board of directors who resigned from our board of directors in October 2015), did not receive compensation from us for their service as directors. In addition, directors who also serve as employees receive no additional compensation for their service as directors. During the fiscal year ended December 31, 2014, Mr. Lawson, our Chief Executive Officer, was a member of our board of directors, as well as an employee, and thus received no additional compensation for his service as a director. See the section titled "Executive Compensation" for more information about Mr. Lawson's compensation for the fiscal year ended December 31, 2014.

Name[1]	Fees earned or paid in cash ($)	Stock awards ($)	Option awards ($)[2]	Non-equity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Evan Cooke[3]	—	—	—	—	—	84,000[4]	84,000
Richard Dalzell	—	—	314,336[5]	—	—	—	314,336
Byron Deeter	—	—	—	—	—	—	0
Jim McGeever	—	—	—	—	—	—	0
Scott Raney	—	—	—	—	—	—	0
Albert Wenger[6]	—	—	—	—	—	—	0

(1) As of December 31, 2014, Mr. Dalzell held an option to purchase 150,000 shares of our common stock and Mr. McGeever held 234,670 shares of common stock, of which 39,112 were unvested on December 31, 2014. None of the other non-employee directors held equity awards as of December 31, 2014.

(2) The amounts reported represent the aggregate grant date fair value of the stock options awarded to the non-employee directors in the fiscal year ended December 31, 2014, calculated in accordance with FASB ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in the Notes to our Consolidated Financial Statements included elsewhere in this prospectus. The amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by the non-employee directors upon exercise of the options.

(3) Mr. Cooke resigned from our board of directors in November 2015.

(4) Mr. Cooke was a consultant for us during the year ended December 31, 2014. As consideration for providing certain consulting services, including managing remotely our patent process and advising on other related technical activities, Mr. Cooke received a consulting fee equal to $7,000 per month of service.

(5) Mr. Dalzell was granted an option to purchase 150,000 shares of our common stock with an exercise price of $3.86 upon his election to our board of directors in 2014. The option vests in 36 equal monthly installments, subject to his continued service as a member of our board of directors through each vesting date. In the event of a "change in control," as defined in the applicable option agreement, 100% of the then-unvested portion of the option will become vested and exercisable.

(6) Mr. Wenger resigned from our board of directors in October 2015.

Prior to this offering, we did not have a formal policy or plan to compensate our non-employee directors. Immediately prior to the completion of this offering, we intend to implement a formal policy pursuant to which our non-employee directors will be eligible to receive the cash retainers and equity awards.

Employee directors will receive no additional compensation for their service as a director.

We will reimburse all reasonable out-of-pocket expenses incurred by directors for their attendance at meetings of our board of directors or any committee thereof.

EXECUTIVE COMPENSATION

Overview

The following discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. The actual amount and form of compensation and the compensation policies and practices that we adopt in the future may differ materially from currently planned programs as summarized in this discussion.

The compensation provided to our named executive officers for the fiscal year ended December 31, 2014 is detailed in the 2014 Summary Compensation Table and accompanying footnotes and narrative that follow this section.

Our named executive officers in the fiscal year ended December 31, 2014, which consisted of our Chief Executive Officer and our two most highly compensated executive officers other than our Chief Executive Officer, were:

- Jeffrey Lawson, our Chief Executive Officer and Chairman;
- Roy Ng, our Chief Operating Officer; and
- Karyn Smith, our General Counsel.

2014 Summary Compensation Table

The following table provides information regarding the total compensation, for services rendered in all capacities, that was earned by our named executive officers during the fiscal year ended December 31, 2014.

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)	Option awards ($)[1]	Nonequity incentive compensation ($)[2]	All other compensation ($)	Total ($)
Jeff Lawson *Chief Executive Officer and Chairman*	2014	235,000	0	0	0	74,025	0	309,025
Roy Ng *Chief Operating Officer*	2014	91,667[3]	0	0	4,036,000	28,875	0	4,156,542
Karyn Smith *General Counsel*	2014	84,295[4]	0	0	735,397	26,250	0	845,942

(1) The amounts reported represent the aggregate grant date fair value of the stock options awarded to the named executive officer in the fiscal year ended December 31, 2014, calculated in accordance with FASB ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in the Notes to our Consolidated Financial Statements included elsewhere in this prospectus. The amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by the named executive officers upon exercise of the options.

(2) Amounts for Messrs. Lawson and Ng and Ms. Smith were earned based on our achievement of certain performance goals, including total revenue, Base Revenue and cost of goods sold reduction targets, in accordance with our 2014 Bonus Plan.

(3) Mr. Ng commenced employment with us on September 1, 2014 and his salary for FY 2014 has been pro-rated accordingly.

(4) Ms. Smith commenced employment with us on August 29, 2014 and her salary for FY 2014 has been pro-rated accordingly.

Narrative to Summary Compensation Table

Base Salaries

For the year ended December 31, 2014, the annual base salaries for each of Messrs. Lawson and Ng and Ms. Smith were $235,000 $275,000 and $250,000, respectively. The annual base salaries for Mr. Ng and Ms. Smith were negotiated in connection with their commencement of employment with us in 2014.

Annual Bonuses

In 2014, each of our named executive officers was eligible to receive an annual bonus based on the achievement of certain performance goals, consisting of total revenue, base revenue and cost of goods sold, or COGS, reduction targets, pursuant to our 2014 Bonus Plan. Our compensation committee has sole discretion to determine the calculations of total revenue, base revenue and COGS reduction targets; provided, that such calculations are determined in a reasonable manner. Bonus amounts may not be increased at the discretion of our compensation committee. For 2014, the target annual bonuses for Messrs. Lawson and Ng and Ms. Smith were each 35% of his or her base salary. Based on the Company's achievement of the relevant performance goals under the 2014 Bonus Plan, our compensation committee determined that bonuses will be paid at 90% of target for each named executive officer. The annual bonuses for Mr. Ng and Ms. Smith were pro-rated for their service during fiscal 2014.

Equity Compensation

We did not grant any equity awards to Mr. Lawson in 2014. In connection with their commencement of employment in 2014, we granted options to purchase shares of our common stock to each of Mr. Ng and Ms. Smith, as described in more detail in the "Outstanding Equity Awards at Fiscal 2014 Year-End" table and under the section titled "—Offer Letters in Place During the Fiscal Year Ended December 31, 2014 for Named Executive Officers."

Outstanding Equity Awards at Fiscal 2014 Year-End

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2014:

	Option Awards[1]				
Name	**Number of securities underlying unexercised options (#) exercisable**	**Number of securities underlying unexercised options (#) unexercisable**	**Equity incentive plan award: Number of securities underlying unexercised unearned options (#)**	**Option exercise price ($)**	**Option expiration date**
Jeff Lawson[2] *Chief Executive Officer and Chairman*	0	0	—	—	—
Roy Ng *Chief Operating Officer*	1,307,619[3]	0	—	4.73	10/28/2024
Karyn Smith *General Counsel*	239,730[4]		—	4.73	10/28/2024

(1) Each stock option was granted pursuant to our 2008 Plan and is immediately exercisable. No named executive officer has early exercised his or her options.

(2) We have never granted Mr. Lawson any options to purchase our common stock or stock awards.

(3) 254,259 of the shares subject to the option vest on September 1, 2015; from September 2, 2015 until September 1, 2016, 21,188 of the shares subject to the option vest on the first of each month; and from September 2, 2016 until September 1, 2018, 33,296 of the shares subject to the option vest on the first of each month; provided, that in each case, Mr. Ng remains continuously employed with us through each applicable vesting date. In the event of a "change in control," as defined in the applicable option agreement, where the successor corporation assumes or substitutes the option, if Mr. Ng is terminated by us without "cause," as defined in the applicable option agreement, or he resigns for "good reason," as defined in the applicable option agreement, in each case within 12 months following such change in control, then 100% of the then-unvested portion of the option and underlying shares of common stock will become vested. To the extent the successor corporation does not assume or substitute the option in connection with a change in control, the then-unvested portion of the option and underlying shares of common stock will fully vest.

(4) 25% of the shares subject to the option will vest on September 2, 2015 and 1/48th of the shares subject to the option will vest on the second day of each month thereafter; provided, that Ms. Smith remains continuously employed with us through each applicable vesting date. In the event of a transfer of the company where the successor corporation assumes or substitutes the option, if Ms. Smith is terminated by us without "cause," as defined in Ms. Smith's offer letter, or she resigns for "good reason," as defined in Ms. Smith's offer letter, in each case within 12 months following such transfer, then 100% of the then-unvested portion of the option and underlying shares of common stock will become vested. To the extent the successor corporation does not assume or substitute the option in connection with a change in control, the then-unvested portion of the option and underlying shares of common stock will fully vest.

Executive Employment Arrangements

Executive Employment Arrangements

We initially entered into offer letters with each of the named executive officers, except for Mr. Lawson, in connection with his or her employment with us, which set forth the terms and conditions of employment of each individual, including base salary, target annual bonus opportunity and standard employee benefit plan participation. In addition, these offer letters provided for certain payments and benefits in the event of an involuntary termination of employment following a change in control of the Company.

Offer Letters in Place During the Fiscal Year Ended December 31, 2014 for Named Executive Officers

Jeff Lawson

Mr. Lawson did not enter into an offer letter or employment agreement with us prior to this offering.

Roy Ng

On August 29, 2014, we entered into an offer letter with Mr. Ng, who currently serves as our Chief Operating Officer. The offer letter provided for Mr. Ng's at-will employment and set forth his initial annual base salary of $275,000, target bonus equal to 35% of his annual base salary and an initial option grant, as well as his eligibility to participate in our benefit plans generally. Mr. Ng's initial option grant covered 1,306,619 shares of our common stock and vests as to (i) 254,259 shares subject thereto on the first anniversary of the vesting commencement date; (ii) 21,188 of the shares subject thereto on each monthly anniversary thereafter from the first anniversary to the second anniversary of the vesting commencement date; and (iii) 33,296 of the shares subject thereto on each monthly anniversary thereafter from the second anniversary to the fourth anniversary of the vesting commencement date, in each case, subject to Mr. Ng's continued service to the Company through each applicable vesting date. In the event that a "change in control," as defined in Mr. Ng's option agreement, occurs and Mr. Ng's employment is terminated without "cause," as defined in Mr. Ng's option agreement, or he resigns for "good reason," as defined in Mr. Ng's option agreement, in each case on or within 12 months following the change in control, the vesting of the then-unvested shares shall accelerate in full. The offer letter also provided Mr. Ng with the following severance benefits if he is terminated by us without "cause", as defined in the offer letter, or he resigns for "good reason," as defined in the offer letter, each on or within

12 months following a "change in control," as defined in the offer letter, subject to the delivery of an effective release of claims in favor of the Company and its affiliates: (i) a lump sum cash payment equal to three months' base salary; and (ii) up to three months of Company-paid monthly premiums for COBRA continuation. Mr. Ng is subject to our standard employment, confidential information, invention assignment and arbitration agreement.

Karyn Smith

On July 30, 2014, we entered into an offer letter with Ms. Smith, who currently serves as our General Counsel. The offer letter provided for Ms. Smith's at-will employment and set forth her initial annual base salary of $250,000, target bonus equal to 35% of her annual base salary and an initial option grant, as well as her eligibility to participate in our benefit plans generally. Ms. Smith's initial option grant covered 239,730 shares of our common stock and vests with respect to 25% of the shares subject thereto on the first anniversary of the vesting commencement date and 1/48th of the shares subject thereto each month thereafter, subject to Ms. Smith's continued service to the Company on each applicable vesting date. In the event that control of the Company is transferred and Ms. Smith's employment is terminated without "cause," as defined in Ms. Smith's offer letter, or she resigns for "good reason," as defined in Ms. Smith's offer letter, in each case on or within 12 months following the transfer, the vesting of the then-unvested shares shall accelerate in full. The offer letter also provided Ms. Smith with the following severance benefits if she is terminated by us without "cause," as defined in the offer letter, or she resigns for "good reason," as defined in the offer letter, each on or within 12 months following a "change in control," as defined in the offer letter, subject to the delivery of an effective release of claims in favor of the Company and its affiliates: (i) a lump sum cash payment equal to three months' base salary; and (ii) up to three months of Company-paid monthly premiums for COBRA continuation. Ms. Smith is subject to our standard employment, confidential information, invention assignment and arbitration agreement.

Employee Benefits and Stock Plans

2016 Stock Option and Incentive Plan

Our 2016 Plan is expected to be adopted by our board of directors and approved by our stockholders and become effective immediately prior to the time that the registration statement of which this prospectus is part is declared effective by the SEC. The 2016 Plan will replace the 2008 Plan, as our board of directors is expected to determine not to make additional awards under the 2008 Plan following the completion of our initial public offering. However, the 2008 Plan will continue to govern outstanding equity awards granted thereunder. The 2016 Plan will allow the compensation committee to make equity-based incentive awards to our officers, employees, directors and other key persons, including consultants.

Authorized Shares. We will initially reserve shares of our common stock for the issuance of awards under the 2016 Plan. The 2016 Plan will provide that the number of shares reserved and available for issuance under the 2016 Plan will automatically increase each January 1, beginning on January 1, 2017, by 5% of the outstanding number of shares of our common stock on the immediately preceding December 31 or such lesser number of shares as determined by our compensation committee. This number will be subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization. The shares we issue under the 2016 Plan will be authorized but unissued shares or shares that we reacquire. The shares of common stock underlying any awards that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without the issuance of stock, expire or are otherwise terminated, other than by exercise, under the 2016 Plan and the 2008 Plan will be added back to the shares of common stock available for issuance under the 2016 Plan. Stock options and stock appreciation rights with respect to no more

than shares of common stock may be granted to any one individual in any one calendar year. The maximum number of shares that may be issued as incentive stock options in any one calendar year period may not exceed cumulatively increased on January 1, 2017 and on each January 1 thereafter by the lesser of % of the number of outstanding shares as of the immediately preceding December 31, or shares. The value of all awards issued under the 2016 Plan and all other cash compensation paid by us to any non-employee director in any calendar year cannot exceed $.

Administration. The 2016 Plan will be administered by our compensation committee. Our compensation committee will have full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the 2016 Plan.

Eligibility. Persons eligible to participate in the 2016 Plan will be those full or part-time officers, employees, non-employee directors and other key persons, including consultants, as selected from time to time by our compensation committee in its discretion.

Options. The 2016 Plan will permit the granting of both options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and options that do not so qualify. The option exercise price of each option will be determined by our compensation committee but may not be less than 100% of the fair market value of our common stock on the date of grant. The term of each option will be fixed by our compensation committee and may not exceed ten years from the date of grant. Our compensation committee will determine at what time or times each option may be exercised.

Stock Appreciation Rights. Our compensation committee will be able to award stock appreciation rights subject to such conditions and restrictions as it may determine. Stock appreciation rights entitle the recipient to shares of common stock, or cash, equal to the value of the appreciation in our stock price over the exercise price. The exercise price may not be less than 100% of the fair market value of our common stock on the date of grant. The term of each stock appreciation right will be fixed by our compensation committee and may not exceed ten years from the date of grant. Our compensation committee will determine at what time or times each stock appreciation right may be exercised.

Restricted Stock and Restricted Stock Units. Our compensation committee will be able to award restricted shares of common stock and restricted stock units to participants subject to such conditions and restrictions as it may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with us through a specified vesting period.

Unrestricted Stock Awards. Our compensation committee will also be able to grant shares of common stock that are free from any restrictions under the 2016 Plan. Unrestricted stock may be granted to participants in recognition of past services or for other valid consideration and may be issued in lieu of cash compensation due to such participant.

Performance-Share Awards. Our compensation committee will be able to grant performance share awards to participants that entitle the recipient to receive awards of common stock upon the achievement of certain performance goals and such other conditions as our compensation committee shall determine.

Dividend Equivalent Rights. Our compensation committee will be able to grant dividend equivalent rights to participants that entitle the recipient to receive credits for dividends that would be paid if the recipient had held a specified number of shares of common stock.

Cash-Based Awards. Our compensation committee will be able to grant cash bonuses under the 2016 Plan to participants, subject to the achievement of certain performance goals.

Performance-Based Compensation. Our compensation committee will be able to grant awards of restricted stock, restricted stock units, performance share awards or cash-based awards under the 2016 Plan that are intended to qualify as "performance-based compensation" under Section 162(m) of the Code. Such awards will only vest or become payable upon the attainment of performance goals that are established by our compensation committee and related to one or more performance criteria. The performance criteria that could be used with respect to any such awards include: total stockholder return, earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of our common stock, economic value-added, funds from operations or similar measure, sales, bookings or revenue, acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of our common stock, sales or market shares and number of customers, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. From and after the time that we become subject to Section 162(m) of the Code, the maximum award that is intended to qualify as "performance-based compensation" under Section 162(m) of the Code that may be made to certain of our officers during any one calendar year period is shares of common stock with respect to a share-based award and $ million with respect to a cash-based award.

Sale Event. The 2016 Plan will provide that upon the effectiveness of a "sale event," as defined in the 2016 Plan, an acquirer or successor entity may assume, continue or substitute for the outstanding awards under the 2016 Plan. To the extent that awards granted under the 2016 Plan are not assumed or continued or substituted by the successor entity, all unvested awards granted under the 2016 Plan shall terminate. In such case, except as may be otherwise provided in the relevant award agreement, all options and stock appreciation rights with time-based vesting, conditions or restrictions that are not exercisable immediately prior to the sale event will become fully exercisable as of the sale event, all other awards with time-based vesting, conditions or restrictions will become fully vested and nonforfeitable as of the sale event, and all awards with conditions and restrictions relating to the attainment of performance goals may become vested and nonforfeitable in connection with the sale event in the plan administrator's discretion or to the extent specified in the relevant award agreement. In the event of such termination, individuals holding options and stock appreciation rights will be permitted to exercise such options and stock appreciation rights (to the extent exercisable) prior to the sale event. In addition, in connection with the termination of the 2016 Plan upon a sale event, we may make or provide for a cash payment to participants holding vested and exercisable options and stock appreciation rights equal to the difference between the per share cash consideration payable to stockholders in the sale event and the exercise price of the options or stock appreciation rights.

Amendment. Our board of directors will be able to amend or discontinue the 2016 Plan and our compensation committee will be able to amend or cancel outstanding awards for purposes of satisfying changes in law or any other lawful purpose, but no such action may adversely affect rights under an award without the holder's consent. Certain amendments to the 2016 Plan will require the approval of our stockholders.

No awards may be granted under the 2016 Plan after the date that is 10 years from the date of stockholder approval of the 2016 Plan. No awards under the 2016 Plan have been made prior to the date hereof.

2008 Stock Option Plan, as amended and restated

Our board of directors adopted, and our stockholders approved, our 2008 Plan in April 2008. Our 2008 Plan was most recently amended and restated in July 2015. Our 2008 Stock Plan allows for the grant of incentive stock options to our employees and any of our parent and subsidiary corporations' employees, and for the grant of nonqualified stock options and restricted stock unit awards to employees, officers, directors and consultants of ours and our parent and subsidiary corporations.

Authorized Shares. No shares will be available for future issuance under the 2008 Plan following the closing of this offering. However, our 2008 Plan will continue to govern outstanding awards granted thereunder. As of June 30, 2015, options to purchase 14,404,793 shares of our common stock remained outstanding under our 2008 Plan at a weighted-average exercise price of approximately $4.26 per share.

Administration. Our board of directors currently administers our 2008 Plan. Subject to the provisions of our 2008 Plan, the administrator has the power to interpret and administer our 2008 Plan and any agreement thereunder and to determine the terms of awards, including the recipients, the number of shares subject to each award, the exercise price, if any, the vesting schedule applicable to the awards together with any vesting acceleration and the terms of the award agreement for use under our 2008 Plan.

Options. Stock options may be granted under our 2008 Plan. The exercise price per share of all options must equal at least 100% of the fair market value per share of our common stock on the date of grant. The term of an incentive stock option may not exceed 10 years. An incentive stock option granted to a participant who owns more than 10% of the total combined voting power of all classes of our stock on the date of grant, or any parent or subsidiary corporations, may not have a term in excess of five years and must have an exercise price of at least 110% of the fair market value per share of our common stock on the date of grant. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or certain other property or other consideration acceptable to the administrator. After a participant's termination of service, the participant generally may exercise his or her options, to the extent vested as of such date of termination, for 30 days after termination or such longer period of time as specified in the applicable option agreement. If termination is due to death or disability, the option generally will remain exercisable, to the extent vested as of such date of termination, until the six-month anniversary of such termination. However, in no event may an option be exercised later than the expiration of its term.

RSUs. RSUs may be granted under our 2008 Plan. An RSU is an award that covers a number of shares of our common stock that may be settled upon vesting in cash, by the issuance of the underlying shares or a combination of both. The administrator determines the terms and conditions of RSUs, 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.

Transferability or Assignability of Awards. Our 2008 Plan generally does not allow for the transfer or assignment of awards, other than, at the discretion of the administrator, by will or the laws of descent and distribution, by gift to an immediate family member, or by instrument to an inter vivos or testamentary trust in which the award is passed to beneficiaries upon the death of the grantee.

Certain Adjustments. In the event of certain changes in our capitalization, the exercise prices of and the number of shares subject to outstanding options, and the purchase price of and the

numbers of shares subject to outstanding awards will be proportionately adjusted, subject to any required action by our board of directors or stockholders.

Change in Control; Dissolution or Liquidation. The 2008 Plan provides that upon the effectiveness of a "change in control," as defined in the 2008 Plan, an acquirer or successor entity shall assume or substitute for the outstanding awards under the 2008 Plan. To the extent that awards granted under the 2008 Plan are not assumed or substituted by the successor entity, the 2008 Plan provides that all options and all other unvested awards granted under the 2008 Plan shall terminate; however, the award agreements under the 2008 Plan provide that such awards shall become fully vested, exercisable and non-forfeitable, as applicable. In the event of a proposed dissolution or liquidation of the company, the plan administrator may provide that individuals holding options will be permitted to exercise such options until 15 days prior to the transaction, including unvested options. In addition, the plan administrator may provide that any company repurchase option applicable to any shares purchased upon exercise of an option will lapse as to all such shares and that all RSUs will fully vest.

Our board of directors has determined not to grant any further awards under the 2008 Plan after the completion of the offering. Following the consummation of our initial public offering, we expect to make future awards under the 2016 Plan.

401(k) Plan

We maintain a tax-qualified retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Plan participants are able to defer eligible compensation subject to applicable annual Code limits. We have the ability to make discretionary contributions to the 401(k) plan but have not done so to date. The 401(k) plan is intended to be qualified under Section 401(a) of the Code with the 401(k) plan's related trust intended to be tax exempt under Section 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements, including employment, termination of employment and change in control arrangements, discussed in the sections titled "Management" and "Executive Compensation" and the registration rights described in the section titled "Description of Capital Stock—Registration Rights," the following is a description of each transaction since January 1, 2012 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Equity Financings

Series C Convertible Preferred Stock Financing

In August 2011, January 2012, April 2012 and May 2012, we issued an aggregate of 8,452,864 shares of our Series C convertible preferred stock at a purchase price of $2.98715 per share for an aggregate purchase price of $25.3 million. The following table summarizes purchases of our Series C convertible preferred stock by holders of more than 5% of our capital stock and their affiliated entities and our directors. None of our executive officers purchased shares of Series C convertible preferred stock.

Stockholder	Shares of Series C Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Bessemer Venture Partners[1]	6,025,808	$ 17,999,992
Union Square Ventures 2008, L.P.[2]	1,087,992	3,249,995
The James and Linda McGeever Revocable Trust[3]	251,074	749,996

(1) Byron Deeter, a member of our board of directors, is a partner of Bessemer Venture Partners. Affiliates of Bessemer Venture Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information include Bessemer Venture Partners VII L.P., Bessemer Venture Partners VII Institutional L.P. and BVP VII Special Opportunity Fund L.P.

(2) Albert Wenger, a prior member of our board of directors who resigned from our board of directors in October 2015, is a partner of Union Square Ventures.

(3) James McGeever, a member of our board of directors, is a trustee of The James and Linda McGeever Revocable Trust.

Series D Convertible Preferred Stock Financing

On May 16, 2013, we issued an aggregate of 9,440,324 shares of our Series D convertible preferred stock at a purchase price of $7.415 per share for an aggregate purchase price of $70.0 million. The following table summarizes purchases of our Series D convertible preferred stock

by holders of more than 5% of our capital stock and their affiliated entities and our directors. None of our executive officers purchased shares of Series D convertible preferred stock.

Stockholder	Shares of Series D Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Bessemer Venture Partners[1]	5,156,216	$ 38,233,342
Entities affiliated with Redpoint Ventures[2]	3,146,774	23,333,329

(1) Byron Deeter, a member of our board of directors, is a partner of Bessemer Venture Partners. Affiliates of Bessemer Venture Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information include Bessemer Venture Partners VII L.P., Bessemer Venture Partners VII Institutional L.P. and BVP VII Special Opportunity Fund L.P.

(2) Scott Raney, a member of our board of directors, is a partner of Redpoint Ventures. Affiliates of Redpoint Ventures holding our securities whose shares are aggregated for purposes of reporting share ownership information include Redpoint Omega II, L.P. and Redpoint Omega Associates II, LLC.

Series E Convertible Preferred Stock Financing

In April 2015, May 2015 and July 2015, we issued an aggregate of 11,494,249 shares of our Series E convertible preferred stock at a purchase price of $11.31 per share for an aggregate purchase price of $130.0 million. The following table summarizes purchases of our Series E convertible preferred stock by holders of more than 5% of our capital stock and their affiliated entities and our directors. None of our executive officers purchased shares of Series E convertible preferred stock.

Stockholder	Shares of Series E Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Fidelity[1]	4,420,866	$ 49,999,994
Entities affiliated with Bessemer Venture Partners[2]	88,417	999,996
Entities affiliated with Redpoint Ventures[3]	44,208	499,992

(1) Affiliates of Fidelity holding our securities whose shares are aggregated for purposes of reporting share ownership information include Fidelity Securities Fund: Fidelity OTC Portfolio, Fidelity Contrafund Commingled Pool, Fidelity Contrafund: Fidelity Advisor New Insights Fund, Fidelity Contrafund: Fidelity Contrafund, Fidelity Contrafund: Fidelity Series Opportunistic Insights Fund and Fidelity Contrafund: Fidelity Advisor Series Opportunistic Insights Fund.

(2) Byron Deeter, a member of our board of directors, is a partner of Bessemer Venture Partners. Affiliates of Bessemer Venture Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information include Bessemer Venture Partners VII L.P., Bessemer Venture Partners VII Institutional L.P. and BVP VII Special Opportunity Fund L.P.

(3) Scott Raney, a member of our board of directors, is a partner of Redpoint Ventures. Affiliates of Redpoint Ventures holding our securities whose shares are aggregated for purposes of reporting share ownership information include Redpoint Omega II, L.P. and Redpoint Omega Associates II, LLC.

Stock Repurchases

2013 Repurchase

In May 2013, we repurchased an aggregate of 1,498,464 shares of our outstanding common stock from holders of our common stock, at a purchase price of $6.67 per share for an aggregate purchase price of $10.0 million, which we refer to as the 2013 Repurchase. The following table

summarizes our repurchases of common stock from our directors and executive officers in the 2013 Repurchase.

Name	Title	Shares of Common Stock	Aggregate Purchase Price
Jeff Lawson	Chief Executive Officer and Chairman	952,320	$ 6,355,308
Evan Cooke[1]	Director	203,392	$ 1,357,337

(1) Mr. Cooke resigned from our board of directors in November 2015.

2015 Repurchase

In August 2015, we repurchased an aggregate of 2,235,072 shares of our outstanding common stock, Series A preferred stock and Series B preferred stock, from holders of our common stock, Series A preferred stock and Series B preferred stock, at a purchase price of $10.18 per share for an aggregate purchase price of $22.8 million, which we refer to as the 2015 Repurchase. The following table summarizes our repurchases of common stock from our directors and executive officers in the 2015 Repurchase.

Name	Title	Shares of Common Stock	Aggregate Purchase Price
Jeff Lawson	Chief Executive Officer and Chairman	914,638	$ 9,310,100
Lee Kirkpatrick	Chief Financial Officer	53,411	$ 543,671
Evan Cooke[1]	Director	300,000	$ 3,053,700

(1) Mr. Cooke resigned from our board of directors in November 2015.

Investors' Rights Agreement

We are party to an investors' rights agreement which provides, among other things, that certain holders of our capital stock have the right to demand that we file a registration statement or request that their shares of our capital stock be covered by a registration statement that we are otherwise filing. See the section titled "Description of Capital Stock—Registration Rights."

Right of First Refusal

Pursuant to our current bylaws, certain of our equity compensation plans and certain agreements with our stockholders, including a right of first refusal and co-sale agreement, we or our assignees have a right to purchase shares of our capital stock which stockholders propose to sell to other parties. This right will terminate upon completion of this offering.

Voting Agreement

We are party to a voting agreement under which certain holders of our capital stock, including entities with which certain of our directors are affiliated, have agreed to vote their shares of our capital stock on certain matters, including with respect to the election of directors. Upon completion of this offering, the voting agreement will terminate and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors.

Other than as described above under this section titled "Certain Relationships and Related Party Transactions," since January 1, 2012, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related party where the amount involved exceeds, or would exceed, $120,000, and in which any related person had or will have a direct or

indirect material interest. We believe the terms of the transactions described above were comparable to terms we could have obtained in arm's-length dealings with unrelated third parties.

Limitation of Liability and Indemnification of Officers and Directors

We expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, we expect to adopt amended and restated bylaws, which will become effective immediately prior to the completion of this offering, and which will provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws are expected to provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws will also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended and restated bylaws and in indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and

executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Policies and Procedures for Related Party Transactions

Following the completion of this offering, our audit committee will have the primary responsibility for reviewing and approving or disapproving "related party transactions," which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. Upon completion of this offering, our policy regarding transactions between us and related persons will provide that a related person is defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of our common stock, in each case since the beginning of the most recently completed year, and any of their immediate family members. Our audit committee charter that will be in effect upon completion of this offering will provide that our audit committee shall review and approve or disapprove any related party transactions.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our capital stock as of September 30, 2015, and as adjusted to reflect the sale of our common stock offered by us in this offering assuming no exercise of the underwriters' option to purchase additional shares of our common stock from us, for:

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

We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Securities Act.

We have based our calculation of the percentage of beneficial ownership prior to this offering on 71,419,417 shares of our common stock outstanding as of September 30, 2015, which includes 54,508,441 shares of our common stock resulting from the automatic conversion of all outstanding shares of our convertible preferred stock into our common stock immediately prior to the completion of this offering, as if this conversion had occurred as of September 30, 2015. We have based our calculation of the percentage of beneficial ownership after this offering on shares of our common stock outstanding immediately after the completion of this offering, assuming that the underwriters will not exercise their option to purchase up to an additional shares of our common stock from us in full. We have deemed shares of our capital stock subject to stock options that are currently exercisable or exercisable within 60 days of September 30, 2015 to be outstanding and to be beneficially owned by the person holding the stock option for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Twilio Inc., 645 Harrison Street, Third Floor, San Francisco, California 94107.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
		Before the Offering	After the Offering
Named Executive Officers and Directors:			
Jeff Lawson[1]	8,231,742	11.5%	
Roy Ng[2]	1,307,619	1.8%	
Karyn Smith[3]	239,730	*	
Richard Dalzell[4]	150,000	*	
Byron Deeter	—	*	
James McGeever[5]	485,744	*	
Scott Raney	—	*	
All executive officers and directors as a group (8 persons)[6]	11,036,100	15.0%	
5% Stockholders:			
Entities affiliated with Bessemer Venture Partners[7]	20,564,344	28.8%	
Entities affiliated with Fidelity[8]	4,420,866	6.2%	
Entities affiliated with Union Square Ventures[9]	9,818,262	13.7%	

* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our capital stock.

(1) Consists of (i) 6,958,026 shares of common stock held of record by Mr. Lawson, as trustee of the Lawson Revocable Trust, (ii) 359,078 shares of common stock held of record by the Lawson 2014 Irrevocable Trust, Commonwealth Trust Company, as trustee and (iii) 914,638 shares of common stock held of record by Mr. Lawson, as trustee of the Lawson 2014 GRAT. Mr. Lawson serves on an investment committee that holds voting and dispositive power over the Lawson 2014 Irrevocable Trust. In addition, Mr. Lawson has the power to substitute shares held in the Lawson 2014 Irrevocable Trust with property having equal value.

(2) Consists of 1,307,619 shares of common stock subject to outstanding options that are exercisable within 60 days of September 30, 2015.

(3) Consists of 239,730 shares of common stock subject to outstanding options that are exercisable within 60 days of September 30, 2015.

(4) Consists of 150,000 shares of common stock subject to outstanding options that are exercisable within 60 days of September 30, 2015.

(5) Consists of (i) 234,670 shares of common stock held of record by Mr. McGeever and (ii) 251,074 shares of common stock held of record by The James and Linda McGeever Revocable Trust.

(6) Consists of 2,318,614 shares of common stock subject to outstanding options that are exercisable within 60 days of September 30, 2015.

(7) Consists of (i) 2,823,048 shares of common stock held of record by Bessemer Venture Partners VII Institutional L.P., (ii) 10,888,911 shares of common stock held of record by BVP VII Special Opportunity Fund L.P., (iii) 6,452,683 shares of common stock held of record by Bessemer Venture Partners VII L.P. and (iv) 399,702 shares of common stock held of record by 15 Angels, LLC, a wholly owned subsidiary of Bessemer Venture Partners VII Institutional L.P. (collectively, the "BVP Entities"). Each of Deer VII & Co. L.P. ("Deer VII L.P."), the general partner of the BVP Entities, and Deer VII & Co. Ltd. ("Deer VII Ltd."), the general partner of Deer VII L.P., may be deemed to have voting and dispositive power over the shares held by the BVP Entities. J. Edmund Colloton, David J. Cowan, Byron B. Deeter, Robert P. Goodman, Jeremy S. Levine and Robert M. Stavis are the directors of Deer VII Ltd. Investment and voting decisions with respect to the shares held by the BVP Entities are made by the directors of Deer VII Ltd. acting as an investment committee. No stockholder, partner, director, officer, manager, member or employee of Deer VIII L.P. or Deer VIII Ltd. has beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of any shares held by the BVP Funds. The address for each of these entities is c/o Bessemer Venture Partners, 1865 Palmer Avenue, Suite 104, Larchmont, New York 10538.

(8) Consists of (i) 351,811 shares of common stock held of record by Fidelity Securities Fund: Fidelity OTC Portfolio, (ii) 197,190 shares of common stock held of record by Fidelity Contrafund Commingled Pool, (iii) 751,240 shares of common stock held of record by Fidelity Contrafund: Fidelity Advisor New Insights Fund, (iv) 22,702 shares of common stock held of record by Fidelity Contrafund: Fidelity Advisor Series Opportunistic Insights Fund, (v) 2,935,814 shares of common stock held of record by Fidelity Contrafund: Fidelity Contrafund and (vi) 162,109 shares of common stock held of record by Fidelity Contrafund: Fidelity Series Opportunistic Insights Fund (collectively, the "Fidelity Entities"). The Fidelity Entities are managed by direct or indirect subsidiaries of FMR LLC. Edward C. Johnson 3d is a Director and the Chairman of FMR LLC and Abigail P. Johnson is a Director, the Vice Chairman and the President of FMR LLC. Members of the family of Edward C. Johnson 3d, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Entities advised by Fidelity Management & Research Company ("FMR Co"), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Entites' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address for each of these entities, except for Fidelity Securities Fund: Fidelity OTC Portfolio, is c/o Brown Brothers Harriman & Co., 525 Washington Blvd, Jersey City NJ 07310. The address for Fidelity Securities Fund: Fidelity OTC Portfolio is The Northern Trust Company, Attn: Trade Securities Processing, C-1N, 801 South Canal Street, Chicago, IL 60607.

(9) Consists of 9,818,262 shares of common stock held of record by Union Square Ventures 2008, L.P. The address for Union Square Ventures is 915 Broadway, 19th Floor, New York, NY 10010.

DESCRIPTION OF CAPITAL STOCK

General

The following description summarizes certain important terms of our capital stock, as they are expected to be in effect immediately prior to the completion of this offering. We expect to adopt an amended and restated certificate of incorporation and amended and restated bylaws that will become effective immediately prior to the completion of this offering, and this description summarizes the provisions that are expected to be included in such documents. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this section titled "Description of Capital Stock," you should refer to our amended and restated certificate of incorporation, amended and restated bylaws and amended and restated investors' rights agreement, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law. Immediately following the completion of this offering, our authorized capital stock will consist of shares of capital stock, $ par value per share, of which:

- shares are designated as common stock; and
- shares are designated as preferred stock.

Assuming the conversion of all outstanding shares of our convertible preferred stock into shares of our common stock, which will occur immediately prior to the completion of this offering, as of June 30, 2015, and reflecting the completion of the final sale of our Series E preferred stock in July 2015 and reflecting the completion of the 2015 Repurchase, there are 71,309,998 shares of our common stock outstanding held by 208 stockholders of record, and no shares of our preferred stock outstanding. Our board of directors is authorized, without stockholder approval except as required by the listing standards of the , to issue additional shares of our capital stock.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. See the section titled "Dividend Policy."

Voting Rights

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. We have not provided for cumulative voting for the election of directors in our amended and restated certificate of incorporation.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of

all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Fully Paid and Non-Assessable

All of the outstanding shares of our common stock are, and the shares of our common stock to be issued pursuant to this offering will be, fully paid and non-assessable.

Preferred Stock

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Options

As of June 30, 2015, we had outstanding options to purchase an aggregate of 14,404,793 shares of our common stock, with a weighted-average exercise price of approximately $4.26 per share, under our equity compensation plans. After June 30, 2015, we issued options to purchase an aggregate of 2,652,025 shares of our common stock, with a weighted-average exercise price of $8.19 per share, under our 2008 Plan.

Registration Rights

After the completion of this offering, certain holders of our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights are contained in our Amended and Restated Investors' Rights Agreement, or IRA, dated as of December 18, 2009, as most recently amended on April 24, 2015. We and certain holders of our preferred stock are parties to the IRA. The registration rights set forth in the IRA will expire five years following the completion of this offering, or, with respect to any particular stockholder, when such stockholder is able to sell all of its shares pursuant to Rule 144(b)(1)(i) of the Securities Act or holds one percent or less of our common stock and is able to sell all of its Registrable Securities, as defined in the IRA, pursuant to Rule 144 of the Securities Act during any 90-day period. We will pay the registration expenses (other than underwriting discounts, selling commissions and stock transfer taxes) of the holders of the shares registered pursuant to the registrations described below. In an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. We expect that our stockholders will waive their rights under the IRA (i) to notice of this offering and (ii) to include their registrable shares in this offering. In addition, in connection with this offering, we expect that each stockholder that has registration rights will agree not to sell or otherwise dispose of any securities without the prior written consent of the underwriters for a period of 180 days after the date of this

prospectus, subject to certain terms and conditions and early release of certain holders in specified circumstances. See the section titled "Underwriters."

Demand Registration Rights

After the completion of this offering, the holders of up to 54,508,441 shares of our common stock will be entitled to certain demand registration rights. At any time beginning 180 days after the effective date of this offering, the holders of at least 27,254,221 shares then outstanding can request that we register the offer and sale of their shares. We are obligated to effect only two such registrations. Such request for registration must cover securities with anticipated aggregate proceeds to us of at least $15,000,000. If we determine that it would be seriously detrimental to our stockholders to effect such a demand registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days.

Piggyback Registration Rights

After the completion of this offering, if we propose to register the offer and sale of our common stock under the Securities Act, in connection with the public offering of such common stock the holders of up to 67,653,785 shares of our common stock 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. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a demand registration, (2) a Form S-3 registration, (3) a registration related to a company stock plan or a corporate reorganization or other transaction covered by Rule 145 promulgated under the Securities Act or (4) a registration on any registration form which does not include substantially the same information as would be required to be included in a registration statement covering the public offering of our common stock or in which the only common stock being registered is common stock issuable upon conversion of debt securities that are also being registered, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

S-3 Registration Rights

After the completion of this offering, the holders of up to 54,508,441 shares of our common stock will be entitled to certain Form S-3 registration rights. The holders of at least 27,254,221 shares then outstanding may make a written request that we register the offer and sale of their shares on a registration statement on Form S-3 if we are eligible to file a registration statement on Form S-3 so long as the request covers securities the anticipated aggregate public offering price of which, before payment of underwriting discounts and commissions, is at least $2,000,000. These stockholders may make an unlimited number of requests for registration on Form S-3; however, we will not be required to effect a registration on Form S-3 if we have effected two such registrations within the 12-month period preceding the date of the request. Additionally, if we determine that it would be seriously detrimental to our stockholders to effect such a registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days.

Anti-Takeover Provisions

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws, which are summarized below, may have the effect of delaying, deferring or discouraging another person from acquiring control of our company. They 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 with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a

proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We will be governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- the transaction was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
- 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 shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to 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, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an "interested stockholder" as a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of our company.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaw Provisions

Our amended and restated certificate of incorporation and our amended and restated bylaws will include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our company, as well as changes in our board of directors or management team, including the following:

Board of Directors Vacancies. Our amended and restated certificate of incorporation and amended and restated bylaws will authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors will be permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This will make it more difficult to change the composition of our board of directors and will promote continuity of management.

Stockholder Action; Special Meeting of Stockholders. Our amended and restated certificate of incorporation will provide that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated bylaws will further provide that special

meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our Chief Executive Officer or our President, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our amended and restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws will also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No Cumulative Voting. The Delaware General Corporation Law provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Directors Removed Only for Cause. Our amended and restated certificate of incorporation will provide that stockholders may remove directors only for cause.

Amendment of Charter Provisions. Any amendment of the above provisions in our amended and restated certificate of incorporation would require approval by holders of at least 80% of our then outstanding capital stock.

Issuance of Undesignated Preferred Stock. Our board of directors will have the authority, without further action by our stockholders, to issue up to shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.

Transfer Agent and Registrar

Upon completion of this offering, the transfer agent and registrar for our common stock will be . The transfer agent and registrar's address is .

Limitations of Liability and Indemnification

See the section titled "Certain Relationships and Related Party Transactions—Limitation of Liability and Indemnification of Officers and Directors."

Listing

Our common stock has been approved for listing on the under the symbol " ".

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares of our common stock will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, based on the number of shares of our capital stock outstanding as of June 30, 2015, we will have a total of shares of our common stock outstanding. Of these outstanding shares, all shares of our common stock sold in this offering will be freely tradable, except that any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining outstanding shares of our common stock will be, and shares subject to stock options will be upon issuance, deemed "restricted securities" as defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. All of our executive officers, directors and holders of substantially all of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us and have entered into or will enter into lock-up agreements with the underwriters under which they have agreed or will agree, subject to specific exceptions, not to sell any of our stock for 180 days following the date of this prospectus. As a result of these agreements and the provisions of our IRA described above under the section titled "Description of Capital Stock—Registration Rights," and subject to the provisions of Rule 144 or Rule 701, shares of our common stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all shares of our stock sold in this offering will be immediately available for sale in the public market; and
- beginning 181 days after the date of this prospectus, the remainder of the shares of our common stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

Market Standoff Agreements and Lock-Up Agreements

All of our executive officers, directors and holders of substantially all of our common stock and securities convertible into or exchangeable for our common stock have entered into market standoff agreements with us and have entered into or will enter into lock-up agreements with the underwriters under which they have agreed or will agree that, subject to specific exceptions, they will not offer for sale, sell, contract to sell, grant any option for the sale of, transfer, or otherwise dispose of any shares of our common stock, options, or warrants to acquire shares of our common stock, or any security or instrument related to such common stock, option, or warrant for a period of at least 180 days following the date of this prospectus. Goldman, Sachs & Co. and J.P. Morgan Securities LLC may, in their discretion, release any of the securities subject to the lock-up agreements with the underwriters at any time. See the section titled "Underwriting."

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares of our common stock on behalf of our affiliates are entitled to sell upon expiration of the market standoff agreements and lock-up agreements described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our capital stock then outstanding, which will equal 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 that sale.

Sales under Rule 144 by our affiliates or persons selling shares of our common stock 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 capital 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 those shares pursuant to Rule 701. Moreover, all Rule 701 shares are subject to market standoff agreements with us or lock-up agreements with the underwriters as described above and under the section titled "Underwriting" and will not become eligible for sale until the expiration of those agreements.

Registration Rights

Pursuant to our IRA, the holders of up to 54,508,441 shares of our common stock, or their transferees, will be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. See the section titled "Description of Capital Stock—Registration Rights" for a description of these registration rights. If the offer and sale of these shares of our common stock are registered, the shares will be freely tradable without restriction under the Securities Act, subject to the Rule 144 limitations applicable to affiliates, and a large number of shares may be sold into the public market.

Registration Statement

We intend to file a registration statement on Form S-8 under the Securities Act promptly after the completion of this offering to register shares of our common stock subject to options outstanding, as well as reserved for future issuance, under our equity compensation plans. The registration statement on Form S-8 is expected to become effective immediately upon filing, and shares of our common stock covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable market standoff agreements and lock-up agreements. See the section titled "Executive Compensation—Employee Benefit and Stock Plans" for a description of our equity compensation plans.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a discussion of the material U.S. federal income and estate tax consequences relating to ownership and disposition of our common stock by a non-U.S. holder. For purposes of this discussion, the term "non-U.S. holder" means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision of the United States;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (as defined in the Code) have authority to control all substantial decisions of the trust or if the trust has a valid election in effect to be treated as a United States person under applicable U.S. Treasury Regulations.

A modified definition of "non-U.S. holder" applies for U.S. federal estate tax purposes (as discussed below).

This discussion is based on current provisions of the Code, existing and proposed U.S. Treasury Regulations promulgated thereunder, current administrative rulings and judicial decisions, all as in effect as of the date of this prospectus and all of which are subject to change or to differing interpretation, possibly with retroactive effect. Any change could alter the tax consequences to non-U.S. holders described in this prospectus. In addition, the Internal Revenue Service, or the IRS, could challenge one or more of the tax consequences described in this prospectus.

We assume in this discussion that each non-U.S. holder holds shares of our common stock as a capital asset (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances nor does it address any aspects of state, local or non-U.S. taxes, alternative minimum tax, or U.S. federal taxes other than income and estate taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as:

- insurance companies;
- tax-exempt organizations;
- financial institutions;
- brokers or dealers in securities;
- pension plans;
- controlled foreign corporations;
- passive foreign investment companies;
- owners that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment;

- certain U.S. expatriates;
- persons who have elected to mark securities to market;
- persons subject to the unearned income Medicare contribution tax; or
- persons that acquire our common stock as compensation for services.

In addition, this discussion does not address the tax treatment of partnerships (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) or other entities that are transparent for U.S. federal income tax purposes or persons who hold their common stock through partnerships or other entities that are transparent for U.S. federal income tax purposes. In the case of a holder that is classified as a partnership for U.S. federal income tax purposes, the tax treatment of a person treated as a partner in such partnership for U.S. federal income tax purposes generally will depend on the status of the partner, the activities of the partner and the partnership and certain determinations made at the partner level. A person treated as a partner in a partnership or who holds their stock through another transparent entity should consult his, her or its own tax advisor regarding the tax consequences of the ownership and disposition of our common stock through a partnership or other transparent entity, as applicable.

Prospective investors should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of acquiring, holding and disposing of our common stock.

Distributions on our Common Stock

We do not expect to pay any dividends in the foreseeable future. See "Dividend Policy" above in this prospectus. However, in the event that we do pay distributions of cash or property on our common stock, those distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's tax basis in the common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below under the heading "Gain on Sale, Exchange or Other Taxable Disposition of Common Stock."

Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act", dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States, and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the United States, are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements. To obtain this exemption, a non-U.S. holder must generally provide a properly executed original and unexpired IRS Form W-8ECI properly certifying such exemption. However, such U.S. effectively connected income is taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

A non-U.S. holder of our common stock who claims the benefit of an applicable income tax treaty between the United States and such holder's country of residence generally will be required to provide a properly executed IRS Form W-8BEN or W-8BEN-E (or applicable successor form) and satisfy applicable certification and other requirements. Non-U.S. holders are urged to consult their own tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim with the IRS.

Any documentation provided to an applicable withholding agent may need to be updated in certain circumstances. The certification requirements described above also may require a non-U.S. holder to provide its U.S. taxpayer identification number.

Gain on Sale, Exchange or Other Taxable Disposition of Common Stock

Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," a non-U.S. holder generally will not be subject to U.S. federal income tax or withholding tax on gain recognized on a sale, exchange or other taxable disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, and, if an applicable income tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States; in these cases, the non-U.S. holder will be taxed on a net income basis at the regular graduated rates and in the manner applicable to United States persons, and, if the non-U.S. holder is a foreign corporation, an additional branch profits tax at a rate of 30%, or a lower rate as may be specified by an applicable income tax treaty, may also apply;

- the non-U.S. holder is an individual present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met, in which case the non-U.S. holder will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the amount by which the non-U.S. holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the disposition (without taking into account any capital loss carryovers); or

- we are or were a "U.S. real property holding corporation" during a certain look-back period, unless our common stock is regularly traded on an established securities market and the non-U.S. holder held no more than five percent of our outstanding common stock, directly or indirectly, actually or constructively, during the shorter of the five-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock. In such case, such non-U.S. holder generally will be taxed on its net gain derived from the disposition at the graduated U.S. federal income tax rates applicable to United States persons (as defined in the Code). Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its "U.S. real property interests" equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance in this regard, we believe that we have not been and are not currently, and we do not anticipate becoming, a "U.S. real property holding corporation" for U.S. federal income tax purposes.

Information Reporting and Backup Withholding

We (or the applicable paying agent) must report annually to the IRS and to each non-U.S. holder the gross amount of the distributions on our common stock paid to such holder and the tax withheld, if any, with respect to such distributions. Non-U.S. holders may have to comply with specific certification procedures to establish that the holder is not a United States person (as defined in the Code) in order to avoid backup withholding at the applicable rate with respect to dividends on our common stock. Generally, a holder will comply with such procedures if it provides a properly executed IRS Form W-8BEN or W-8BEN-E or otherwise establishes an exemption.

Information reporting and backup withholding generally will apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a foreign broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement. Any documentation provided to an applicable withholding agent may need to be updated in certain circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder may be refunded or credited against the non-U.S. holder's U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

Foreign Account Tax Compliance Act

Legislation commonly referred to as the Foreign Account Tax Compliance Act and associated guidance, or collectively, FATCA, will generally impose a 30% withholding tax on any "withholdable payment" (as defined below) to a "foreign financial institution" (as defined in the Code), unless such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners) or another applicable exception applies or such institution is compliant with applicable foreign law enacted in connection with an applicable intergovernmental agreement between the United States and a foreign jurisdiction. FATCA will also generally impose a 30% withholding tax on any "withholdable payment" (as defined below) to a foreign entity that is not a financial institution, unless such entity provides the withholding agent with a certification identifying the substantial U.S. owners of the entity (which generally includes any United States person who directly or indirectly owns more than 10% of the entity), if any, or another applicable exception applies or such entity is compliant with applicable foreign law enacted in connection with an applicable intergovernmental agreement between the United States and a foreign jurisdiction. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes.

Under final regulations and other current guidance, the withholding provisions described above apply currently to dividends on our common stock and will apply to the gross proceeds of a disposition of our common stock on or after January 1, 2019. The FATCA withholding tax will apply

regardless of whether a payment would otherwise be exempt from or not subject to U.S. nonresident withholding tax (e.g., as capital gain).

Federal Estate Tax

Common stock owned or treated as owned by an individual who is a non-U.S. holder (as specially defined for U.S. federal estate tax purposes) at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes and, therefore, may be subject to U.S. federal estate tax, unless an applicable estate tax or other treaty provides otherwise.

The preceding discussion of material U.S. federal tax considerations is for general information only. It is not tax advice. Prospective investors should consult their own tax advisors regarding the particular U.S. federal, state, local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed changes in applicable laws.

UNDERWRITING

We and the underwriters named below will enter into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter will severally agree to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and J.P. Morgan Securities LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	
Allen & Company LLC	
Pacific Crest Securities, a division of KeyBanc Capital Markets Inc.	
JMP Securities LLC	
William Blair & Company, L.L.C.	
Canaccord Genuity Inc.	
Total	

The underwriters will be 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 will have an option to buy up to an additional shares from us 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 us. 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.

We and our officers, directors, and holders of substantially all of our common stock and securities convertible into or exchangeable for our common stock have agreed or will agree 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 representatives and us. Among the factors to be considered in

determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of the business potential and our earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

An application has been made to quote the common stock on the under the symbol " ".

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 our 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 our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of our 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.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

We will agree to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

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 us and to persons and entities with relationships with us, 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 traded 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 ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. 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.

Notice to Prospective Investors in 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), an offer of shares to the public may not be made in that Relevant Member State, except that an offer of shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 Amending Directive, 150, 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

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any shares or to whom an offer is made will be deemed to have represented, warranted and agreed to and with the underwriters that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) 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, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.

In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in

circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed as qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or relay on this prospectus or any of its contents.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong 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 (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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 securities 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" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Notice to Prospective Investors in 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 (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, 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, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional

investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

LEGAL MATTERS

Goodwin Procter LLP, Menlo Park, California, which has acted as our counsel in connection with this offering, will pass upon the validity of the shares of our common stock being offered by this prospectus. The underwriters have been represented by Latham & Watkins LLP, Menlo Park, California.

EXPERTS

The consolidated financial statements of Twilio Inc. and subsidiaries as of December 31, 2013 and 2014 and for each of the years in the two year period ended December 31, 2014, have been included herein in reliance on the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our 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 is 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. Each statement is this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms 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, like us, 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 facilities and the website of the SEC referred to above. We also maintain a website at www.twilio.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 our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Twilio Inc. and subsidiaries:

We have audited the accompanying consolidated balance sheets of Twilio Inc. and subsidiaries (the Company) as of December 31, 2013 and 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Twilio Inc. and subsidiaries as of December 31, 2013 and 2014, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

San Francisco, California
November 6, 2015

TWILIO INC.

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	As of December 31		As of June 30, 2015	Pro Forma Stockholders' Equity as of June 30, 2015
	2013	2014	(Unaudited)	
ASSETS				
Current assets:				
Cash and cash equivalents	$ 54,715	$ 32,627	$ 121,821	
Accounts receivable, net	5,226	9,264	13,949	
Prepaid expenses and other current assets	1,601	4,458	6,273	
Total current assets	61,542	46,349	142,043	
Restricted cash	1,000	1,170	1,170	
Property and equipment, net	3,688	6,751	10,083	
Intangible assets, net	—	510	2,182	
Goodwill	—	—	3,113	
Deferred tax asset	349	1,019	1,019	
Other long-term assets	477	194	280	
Total assets	$ 67,056	$ 55,993	$ 159,890	
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ —	$ 1,227	$ 1,149	
Accrued expenses and other current liabilities	10,598	17,798	24,823	
Deferred revenue	2,541	4,173	5,212	
Deferred tax liability	349	1,019	1,019	
Total current liabilities	13,488	24,217	32,203	
Other long-term liabilities	668	582	449	
Total liabilities	14,156	24,799	32,652	
Commitments and contingencies (Note 11)				
Stockholders' equity:				
Convertible preferred stock, $0.001 par value per share, issuable in Series A, B, C, D, E and T:				
Authorized shares 42,495,880, 47,495,880 and 58,092,566 as of December 31, 2013 and 2014 and June 30, 2015 (unaudited); Issued and outstanding shares 42,482,490 as of December 31, 2013 and 2014 and 53,106,011 as of June 30, 2015 (unaudited), actual; aggregate liquidation preference of $111.9 million as of December 31, 2013 and 2014, and $221.9 million as of June 30, 2015 (unaudited), actual; no shares authorized, issued or outstanding as of June 30, 2015 (unaudited), pro forma	111,691	111,691	220,247	—
Common stock, $0.001 par value per share:				
Authorized shares 72,000,000, 77,000,000 and 100,000,000 as of December 31, 2013 and 2014 and June 30, 2015 (unaudited); Issued and outstanding shares 16,958,130, 17,446,051 and 18,558,626 as of December 31, 2013, 2014 and June 30, 2015 (unaudited), actual; 71,664,637 shares issued and outstanding as of June 30, 2015 (unaudited), pro forma	17	17	18	71
Additional paid-in capital	3,868	8,920	14,643	234,837
Accumulated deficit	(62,676)	(89,434)	(107,670)	(107,670)
Total stockholders' equity	52,900	31,194	127,238	$ 127,238
Total liabilities and stockholders' equity	$ 67,056	$ 55,993	$ 159,890	

See accompanying notes to consolidated financial statements.

TWILIO INC.

Consolidated Statements of Operations

(In thousands, except share and per share amounts)

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Revenue	$ 49,920	$ 88,846	$ 37,638	$ 71,319
Cost of revenue	25,868	41,423	17,155	32,372
Gross profit	24,052	47,423	20,483	38,947
Operating expenses:				
Research and development	13,959	21,824	9,003	17,868
Sales and marketing	21,931	33,322	15,753	24,033
General and administrative	15,012	18,960	8,032	15,300
Total operating expenses	50,902	74,106	32,788	57,201
Loss from operations	(26,850)	(26,683)	(12,305)	(18,254)
Other expenses, net	(4)	(62)	(52)	(30)
Loss before (provision) benefit for income taxes	(26,854)	(26,745)	(12,357)	(18,284)
(Provision) benefit for income taxes	—	(13)	(10)	48
Net loss attributable to common stockholders	$ (26,854)	$ (26,758)	$ (12,367)	$ (18,236)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.59)	$ (1.58)	$ (0.74)	$ (1.01)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	16,916,035	16,900,124	16,778,556	18,070,932
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)	$ 0.45	$ (0.45)		$ (0.26)
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)	59,398,525	59,382,614		71,176,943

See accompanying notes to consolidated financial statements.

TWILIO INC.

Consolidated Statements of Stockholders' Equity

(In thousands, except share data)

	Series A convertible preferred stock		Series B convertible preferred stock		Series C convertible preferred stock		Series D convertible preferred stock		Series E convertible preferred stock		Series T convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Total stockhold equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of December 31, 2012	13,173,240	$ 4,624	11,416,062	$ 11,941	8,452,864	$ 25,196	—	$ —	—	$ —	—	$ —	17,795,636	$ 18	$ 1,065	$ (30,766)	$ 12
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(26,854)	(26
Exercise of vested stock options	—	—	—	—	—	—	—	—	—	—	—	—	354,939	—	337	—	
Vesting of early exercised stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	166	—	
Exercise of unvested stock options	—	—	—	—	—	—	—	—	—	—	—	—	350,524	—	—	—	
Repurchase of unvested stock options	—	—	—	—	—	—	—	—	—	—	—	—	(44,505)	—	—	—	
Founder Repurchase	—	—	—	—	—	—	—	—	—	—	—	—	(1,498,464)	(1)	—	(5,056)	(5
Issuance of Series D Convertible Preferred	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Stock (net of issuance costs of $69,000)	—	—	—	—			9,440,324	69,930	—	—	—	—	—	—	—	—	69
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,300	—	2
Balance as of December 31, 2013	13,173,240	4,624	11,416,062	11,941	8,452,864	25,196	9,440,324	69,930	—	—	—	—	16,958,130	17	3,868	(62,676)	52
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(26,758)	(26
Exercise of vested stock options	—	—	—	—	—	—	—	—	—	—	—	—	487,821	—	590	—	
Vesting of early exercised stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	191	—	
Exercise of unvested stock options	—	—	—	—	—	—	—	—	—	—	—	—	6,850	—	—	—	
Repurchase of unvested stock options	—	—	—	—	—	—	—	—	—	—	—	—	(6,750)	—	—	—	
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,271	—	4
Balance as of December 31, 2014	13,173,240	4,624	11,416,062	11,941	8,452,864	25,196	9,440,324	69,930	—	—	—	—	17,446,051	17	8,920	(89,434)	31
Net loss (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(18,236)	(18
Exercise of vested stock options (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	1,099,760	1	1,663	—	1
Vesting of early exercised stock options (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	121	—	
Exercise of unvested stock options (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	23,940	—	—	—	
Repurchase of unvested stock options (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	(11,125)	—	—	—	
Issuance of Series T convertible preferred Stock in acquisition (unaudited)	—	—	—	—	—	—	—	—	—	—	897,618	3,087	—	—	—	—	3
Issuance of Series E convertible preferred stock (net of issuance costs of $4.5 million) (unaudited)	—	—	—	—	—	—	—	—	9,725,903	105,469	—	—	—	—	—	—	105
Stock-based compensation (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,939	—	3
Balance as of June 30, 2015 (unaudited)	13,173,240	$ 4,624	11,416,062	$ 11,941	8,452,864	$ 25,196	9,440,324	$ 69,930	9,725,903	$105,469	897,618	$ 3,087	18,558,626	$ 18	$ 14,643	$ (107,670)	$ 127

See accompanying notes to consolidated financial statements.

TWILIO INC.

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$ (26,854)	$ (26,758)	$ (12,367)	$ (18,236)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	610	1,756	761	1,633
Stock-based compensation	2,157	3,978	1,486	3,567
Provision for doubtful accounts	213	261	52	368
Tax benefit related to acquisition	—	—	—	(108)
Impairment of internally developed software	—	—	—	87
Changes in operating assets and liabilities:				
Accounts receivable	(3,239)	(4,300)	(2,523)	(4,969)
Prepaid expenses and other current assets	(491)	(2,857)	(2,035)	(1,815)
Other long-term assets	(374)	283	186	(86)
Accounts payable	(1,401)	1,227	629	(78)
Accrued expenses and other current liabilities	5,405	7,332	2,731	6,660
Deferred revenue	1,014	1,632	768	1,040
Other long-term liabilities	338	86	223	(119)
Net cash used in operating activities	(22,622)	(17,360)	(10,089)	(12,056)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in restricted cash	—	(170)	(170)	—
Proceeds from sale of investments	3,000	—	—	—
Capitalized software development costs	(2,291)	(3,604)	(1,557)	(3,775)
Purchases of property and equipment	(1,161)	(1,039)	(441)	(686)
Purchases of intangible assets	—	(527)	(308)	(113)
Acquisition, net of cash acquired	—	—	—	(1,761)
Net cash used in investing activities	(452)	(5,340)	(2,476)	(6,335)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net proceeds from issuance of convertible preferred stock	69,930	—	—	105,869
Proceeds from exercise of vested options	337	590	194	1,664
Proceeds from exercise of non-vested options	414	26	—	66
Repurchase of common stock	(5,069)	(4)	(4)	(14)
Net cash provided by financing activities	65,612	612	190	107,585
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,538	(22,088)	(12,375)	89,194
CASH AND CASH EQUIVALENTS—Beginning of period	12,177	54,715	54,715	32,627
CASH AND CASH EQUIVALENTS—End of period	$ 54,715	$ 32,627	$ 42,340	$ 121,821
Cash paid for income taxes	$ 1	$ 13	$ 10	$ 15
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Purchases of property and equipment, accrued but not paid	$ 158	$ 25	$ —	$ 50
Stock-based compensation capitalized in software development costs	$ 143	$ 293	$ 127	$ 372
Vesting of early exercised options	$ 166	$ 191	$ 102	$ 121
Series E convertible preferred stock issuance costs accrued but not paid	$ —	$ —	$ —	$ 400
Series T convertible preferred stock issued as part of purchase price in the Authy merger	$ —	$ —	$ —	$ 3,087

See accompanying notes to consolidated financial statements.

TWILIO INC.

Notes to Consolidated Financial Statements

1. Organization and Description of Business

Twilio Inc. (the "Company") was incorporated in the state of Delaware on March 13, 2008. The Company provides a Cloud Communications Platform that enables developers to build, scale and operate communications within software applications through the cloud as a pay-as-you-go service. The Company's product offerings fit four basic categories: Programmable Voice, Programmable Messaging, Programmable Connectivity and Programmable Video. The Company also provides use case products, such as a two-factor authentication solution.

The Company's headquarters are located in San Francisco, California and the Company has subsidiaries in the United Kingdom, Estonia, Ireland, Colombia, Germany and Hong Kong.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(b) Principles of Consolidation

All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are used for, but not limited to, revenue allowances and returns; valuation of the Company's stock and stock options; recoverability of long-lived and intangible assets; accounting for business combinations; accruals; and contingencies. Estimates are based on historical experience and on various assumptions that the Company believes are reasonable under current circumstances. However, future events are subject to change and best estimates and judgments may require further adjustments; therefore, actual results could differ materially from those estimates. Management periodically evaluates such estimates and they are adjusted prospectively based upon such periodic evaluation.

(d) Unaudited Interim Financial Information

The accompanying balance sheet as of June 30, 2015, the statements of operations and the statements of cash flows for the six months ended June 30, 2014 and 2015, and the statement of stockholders' equity for the six months ended June 30, 2015 are unaudited. The unaudited consolidated financial statements have been prepared in conformity with U.S. GAAP and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The unaudited consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the Company's management's opinion, reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly its financial position as of June 30, 2015, and the results of operations, and cash flows for the six months ended June 30, 2014 and 2015. The results for the six months ended June 30, 2015 are

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

not necessarily indicative of the results to be expected for the year ended December 31, 2015, or for any other interim period, or for any other future year.

(e) Unaudited Pro Forma Stockholders' Equity

Immediately prior to the completion of the Company's initial public offering ("IPO"), all of the outstanding shares of convertible preferred stock will automatically convert into shares of common stock. The June 30, 2015 unaudited pro forma stockholders' equity has been prepared assuming the conversion of the convertible preferred stock outstanding into 53,106,011 shares of common stock.

(f) Concentration of Credit Risk

Financial instruments that potentially expose the Company to a concentration of credit risk consist primarily of cash, cash equivalents, restricted cash and accounts receivable. The Company maintains cash, cash equivalents and restricted cash with financial institutions that management believes are financially sound and have minimal credit risk exposure.

The Company sells its services to a wide variety of customers. If the financial condition or results of operations of any one of the large customers deteriorate substantially, operating results could be adversely affected. To reduce credit risk, management performs ongoing credit evaluations of the financial condition of significant customers. The Company does not require collateral from its credit customers and maintains reserves for estimated credit losses on customer accounts when considered necessary. Actual credit losses may differ from the Company's estimates. During the years ended December 31, 2013 and 2014, one customer represented approximately 11% and 13%, respectively, of the Company's total revenue. During the six months ended June 30, 2014 and 2015 (unaudited), one customer represented approximately 11% and 18%, respectively, of the Company's total revenue.

As of December 31, 2013, one customer represented approximately 25% of the Company's gross accounts receivable. As of December 31, 2014, two customers represented 22% and 11% of the Company's gross accounts receivable. As of June 30, 2015 (unaudited), two customers represented approximately 15% and 13% of the Company's gross accounts receivable.

(g) Revenue Recognition

The Company derives its revenue primarily from usage-based fees earned from customers accessing the Company's enterprise cloud computing services invoiced or paid monthly. The Company also earns subscription fees from certain term-based contracts. The Company provides services to its customers under pay-as-you-go contracts and term-based contracts ranging in duration from one month to 48 months. Customers that pay via credit card are either billed in advance or as they use service. Larger customers are billed in arrears via invoices for services used. Certain customers have contracts that provide for a minimum monthly commitment and some customers have contracts that provide for a commitment that may be of a quarterly, annual or other specific durations.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

The Company recognizes revenue from these transactions when all of the following criteria are satisfied:

- there is persuasive evidence of an arrangement;
- the service has been or is being provided to the customer;
- the amount of the fees to be paid by the customer is fixed or determinable; and
- collectibility of the fees is reasonably assured.

Term-based contracts revenue is recognized on a straight-line basis over the contractual term of the arrangement beginning on the date that the service is made available to the customer, provided that all other revenue recognition criteria have been met. Usage-based fees are recognized as delivered.

The Company's arrangements do not contain general rights of return. However, credits may be issued to customers on a case-by-case basis. The contracts do not provide customers with the right to take possession of the software supporting the applications. Amounts that have been invoiced are recorded in accounts receivable and in revenue or deferred revenue, depending on whether the revenue recognition criteria have been met.

The reserve for sales credits was $30,000, $0.3 million and $0.6 million as of December 31, 2013 and 2014 and June 30, 2015 (unaudited), respectively, and is included in net accounts receivable in the accompanying consolidated balance sheets. The reserve for sales credits is calculated based on historical trends and any specific risks identified in processing transactions. Changes in the reserve are recorded against revenue.

(h) Cost of Revenue

Cost of revenue consists primarily of costs of telecommunications services purchased from network services providers. Cost of revenue also includes fees to support the Company's cloud infrastructure, personnel costs, such as salaries and stock-based compensation for the customer care and support services employees, and non-personnel costs, such as amortization of capitalized internal-use software development costs.

(i) Research and Development Expenses

Research and development expenses consist primarily of personnel costs, cloud infrastructure fees for staging and development, outsourced engineering services, amortization of capitalized internal-use software development costs and an allocation of the general overhead expenses. The Company capitalizes the portion of its software development costs that meets the criteria for capitalization.

(j) Internal-Use Software Development Costs

Certain costs of platform and other software applications developed for internal use are capitalized. The Company capitalizes qualifying internal-use software development costs that are incurred during the application development stage. Capitalization of costs begins when two criteria are met: (i) the preliminary project stage is completed and (ii) it is probable that the software will be

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

completed and used for its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred.

Capitalized costs of platform and other software applications are included in property and equipment. These costs are amortized over the estimated useful life of the software on a straight-line basis, or three years. Management evaluates the useful life of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. The amortization of costs related to the platform applications is included in cost of revenue, while the amortization of costs related to other software applications developed for internal use is included in research and development expenses.

(k) Advertising Costs

Advertising costs are expensed as incurred and were $0.4 million, $1.0 million, $0.4 million and $1.4 million in the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), respectively. Advertising costs are included in sales and marketing expenses in the accompanying consolidated statements of operations.

(l) Stock-Based Compensation

All stock-based compensation to employees is measured at the grant date based on the fair value of the awards ultimately expected to vest. This cost, calculated as the grant date fair value net of estimated forfeitures, is recognized as an expense on a straight-line basis, over the requisite service period. The Company uses the Black-Scholes option pricing model to measure the fair value of its stock-based awards.

Compensation expense for stock options granted to nonemployees is calculated using the Black-Scholes option pricing model and is recognized in expense over the service period. Compensation expense for nonemployee stock options subject to vesting is revalued at each reporting date until the stock options are vested.

The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions, which determine the fair value of stock-based awards. These assumptions include:

- *Fair value of the common stock.* Given the absence of a public trading market for the Company's common stock, the board of directors considered numerous objective and subjective factors to determine the fair value of the Company's common stock at each meeting at which awards are approved. The factors included, but were not limited to: (i) contemporaneous valuations of the Company's common stock by an unrelated third party; (ii) the prices at which the Company sold shares of its convertible preferred stock to outside investors in arms-length transactions; (iii) the rights, preferences and privileges of the Company's convertible preferred stock relative to those of its common stock; (iv) the Company's results of operations, financial position and capital resources; (v) current business conditions and projections; (vi) the lack of marketability of the Company's common stock; (vii) the hiring of key personnel and the experience of management; (viii) the introduction of new products; (ix) the risk inherent in the development and

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

expansion of the Company's products; (x) the Company's stage of development and material risks related to its business; (xi) the fact that the option grants involve illiquid securities in a private company; and (xii) the likelihood of achieving a liquidity event, such as an initial public offering or sale of the Company, in light of prevailing market conditions;

- *Expected term.* The expected term represents the period that the stock-based awards are expected to be outstanding. The Company uses the simplified calculation of expected term, as the Company does not have sufficient historical data to use any other method to estimate expected term;
- *Expected volatility.* The expected volatility is derived from an average of the historical volatilities of the common stock of several entities with characteristics similar to those of the Company, such as the size and operational and economic similarities to the Company's principle business operations;
- *Risk-free interest rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal the expected term of the stock-based awards; and
- *Expected dividend.* The expected dividend is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends on its common stock.

In addition to the assumptions used in the Black-Scholes option-pricing model, management must also estimate a forfeiture rate to calculate the stock-based compensation for the Company's awards. The Company's forfeiture rate is based on an analysis of its actual forfeitures. Management will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. Quarterly changes in the estimated forfeiture rate can have a significant impact on the stock-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the financial statements.

If any of the assumptions used in the Black-Scholes model changes, stock-based compensation for future awards may differ materially compared to that associated with previous grants.

(m) Income Taxes

The Company accounts for income taxes in accordance with authoritative guidance which requires the use of the asset and liability approach. Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as net operating loss and tax credit carry-forwards. Deferred tax amounts are determined by using the enacted tax rates expected to be in effect when the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

recognized in income in the period that includes the enactment date. A valuation allowance reduces the deferred tax assets to the amount that is more likely than not to be realized.

The Company recognizes the effect of uncertain income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company records interest and penalties related to uncertain tax positions in the provision for income taxes in the consolidated statements of operations.

(n) Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the U.S. dollar. Accordingly, the subsidiaries remeasure monetary assets and liabilities at period-end exchange rates, while non-monetary items are remeasured at historical rates. Revenue and expense accounts are remeasured at the average exchange rate in effect during the year. Remeasurement adjustments are recognized in the consolidated statements of operations as other income or expense in the year of occurrence. Foreign currency transaction gains and losses were insignificant for all periods presented.

(o) Comprehensive Loss

During the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), the Company did not have any other comprehensive income, and therefore, the net loss and comprehensive loss was the same for all periods presented.

(p) Net Loss and Pro Forma Net Loss Per Share Attributable to Common Stockholders

The Company calculates its basic and diluted net loss per share attributable to common stockholders in conformity with the two-class method required for companies with participating securities. All series of the convertible preferred stock are considered to be participating securities as the holders of the preferred stock are entitled to receive a non-cumulative dividend on a pro rata *pari passu* basis in the event that a dividend is declared or paid on common stock. Shares of common stock issued upon early exercise of stock options that are subject to repurchase are also considered to be participating securities, because holders of such shares have non-forfeitable dividend rights in the event a dividend is declared or paid on common stock. Under the two-class method, in periods when the Company has net income, net income attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period convertible preferred stock non-cumulative dividends, between common stock and the convertible preferred stock. In computing diluted net income attributable to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive securities. The Company's basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period. The diluted net loss per share attributable to common stockholders is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, convertible preferred stock, options to purchase common stock, common stock issued subject to future vesting and any

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

shares of stock held in escrow are considered common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is antidilutive. In contemplation of an initial public offering, the Company has presented an unaudited pro forma basic and diluted net loss per share attributable to common stockholders, which has been computed to give effect to the automatic conversion of the convertible preferred stock into shares of common stock as of the beginning of the respective period.

(q) Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist of funds deposited into money market funds. All credit and debit card transactions that process as of the last day of each month and settle within the first few days of the subsequent month are also classified as cash and cash equivalents as of the end of the month in which they were processed.

(r) Restricted Cash

Restricted cash consists of cash deposited into a savings account with a financial institution as collateral for the Company's obligation under its facility lease of the premises located in San Francisco, California. The facility lease expires in April 2018.

(s) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded net of the allowance for doubtful accounts and the reserve for sales credits. The allowance for doubtful accounts is estimated based on the Company's assessment of its ability to collect on customer accounts receivable. The Company regularly reviews the allowance by considering certain factors such as historical experience, credit quality, age of accounts receivable balances and other known conditions that may affect a customer's ability to pay. In cases where the Company is aware of circumstances that may impair a specific customer's ability to meet their financial obligations, a specific allowance is recorded against amounts due from the customer which reduces the net recognized receivable to the amount the Company reasonably believe will be collected. The Company writes-off accounts receivable against the allowance when a determination is made that the balance is uncollectible and collection of the receivable is no longer being actively pursued. The allowance for doubtful accounts was $0.1 million, $0.2 million and $0.5 million as of December 31, 2013 and 2014 and June 30, 2015 (unaudited), respectively.

(t) Deferred Offering Costs

Deferred offering costs, which consist of direct incremental legal and accounting fees relating to the IPO, are capitalized. The deferred offering costs will be offset against IPO proceeds upon the consummation of the IPO. In the event the offering is terminated, deferred offering costs will be expensed. No amounts were deferred as of December 31, 2013 and 2014 and June 30, 2015 (unaudited).

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

(u) Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful life of the related asset. Maintenance and repairs are charged to expenses as incurred.

The useful lives of property and equipment are as follows:

Capitalized product development costs	3 years
Office equipment	3 years
Furniture and fixtures	5 years
Software	3 years
Leasehold improvements	Shorter of 5 years or remaining lease term

(v) Intangible Assets

Intangible assets with determinable economic lives are carried at cost, less accumulated amortization. Intangible assets recorded by the Company are costs related to filing patents and the fair value of identifiable intangible assets resulting from acquisitions of other businesses. Amortization is computed over the estimated useful life of each asset on a straight-line basis. The Company determines the useful lives of identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors the Company considers when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset and other economic factors, including competition and specific market conditions.

The useful lives of the intangible assets are as follows:

Developed technology	3 years
Customer relationship	5 years
Trade names	2 years
Patents	20 years

(w) Goodwill

Goodwill represents excess of the aggregate purchase price over the fair value of net identifiable assets acquired in a business combination. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company has determined that it operates as one reporting unit and has selected November 30 as the date to perform its annual impairment test. In the valuation of goodwill, management must make assumptions regarding estimated future cash flows to be derived from the Company's business. If these estimates or their related assumptions change in the future, the Company may be required to record impairment for these assets. Management may first evaluate qualitative factors to assess if it is more likely than not that the fair

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

value of a reporting unit is less than its carrying amount and to determine if a two-step impairment test is necessary. The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value exceeds its fair value, then the Company would perform the second step of the goodwill impairment test to determine the amount of the impairment loss. The impairment loss would be calculated by comparing the implied fair value of the goodwill to its net book value. In calculating the implied fair value of goodwill, the fair value of the entity would be allocated to all of the other assets and liabilities based on their fair values. The excess of the fair value of the entity over the amount assigned to other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. No goodwill impairment charges have been recorded for any period presented.

(x) Impairment of Long-Lived Assets

The Company evaluates long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If such evaluation indicates that the carrying amount of the asset or the asset group is not recoverable, any impairment loss would be equal to the amount the carrying value exceeds the fair value. There was no impairment during the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014. The impairment charge recorded in the six months ended June 30, 2015 was $0.1 million.

(y) Deferred Revenue

Deferred revenue consists of cash deposits from customers to be applied against future usage and customer billings in advance of revenues being recognized from the Company's contracts. Deferred revenue is generally expected to be recognized during the succeeding 12-month period and is thus recorded as a current liability.

(z) Commissions

Commissions consist of variable compensation earned by sales personnel. Sales commissions associated with the acquisition of new customer contracts are recognized as sales and marketing expense at the time the customer has entered into a binding agreement.

(aa) Business Combinations

The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Goodwill is measured as the excess of the consideration transferred over the fair value of assets acquired and liabilities assumed on the acquisition date. While the Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed, these estimates are inherently uncertain and subject to refinement. The authoritative guidance allows a measurement period of up to one year from the date of acquisition to make adjustments to the preliminary allocation of the purchase

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

price. As a result, during the measurement period the Company may record adjustments to the fair values of assets acquired and liabilities assumed, with the corresponding offset to goodwill to the extent that it identifies adjustments to the preliminary purchase price allocation. Upon conclusion of the measurement period or final determination of the values of the assets acquired and liabilities assumed, whichever comes first, any subsequent adjustments will be recorded to the consolidated statement of operations.

(bb) Segment Information

The Company's Chief Executive Officer is the chief operating decision maker, who reviews the Company's financial information presented on a consolidated basis for purposes of allocating resources and evaluating the Company's financial performance. Accordingly, the Company has determined that it operates in a single reporting segment.

(cc) Fair Value of Financial Instruments

The Company records certain of its financial assets at fair value on a recurring basis. The Company's financial instruments, which include cash, cash equivalents, accounts receivable and accounts payable are recorded at their carrying amounts, which approximate their fair values due to their short-term nature. Restricted cash is long-term in nature and consists of cash in a savings account, hence its carrying amount approximates its fair value. The accounting guidance for fair value provides a framework for measuring fair value, clarifies the definition of fair value, and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(dd) Recent Accounting Pronouncements

The JOBS Act provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies. The Company meets the definition of an emerging growth company and has irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Section 107(b) of the JOBS Act. Therefore, the Company will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

In April 2015, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update No. 2015-05, *"Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*" ("ASU 2015-05"). ASU 2015-05 provides guidance 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 guidance is effective for annual and interim periods starting after December 15, 2015 with early adoption permitted. The Company plans to adopt this guidance prospectively from its effective date. The Company is evaluating the effect that ASU 2015-05 will have on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*" ("ASU 2014-09"). This new guidance will replace most existing U.S. GAAP guidance on this topic. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14 which deferred, by one year, the effective date for the new revenue reporting standard for entities reporting under U.S. GAAP. In accordance with the deferral, this guidance will be effective for the Company beginning January 1, 2018 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Early adoption is permitted beginning January 1, 2017. The Company is evaluating the impact of adopting this new accounting standard on its financial statements and has not selected a transition method.

3. Fair Value Measurements

The following table provides the assets measured at fair value on a recurring basis as of December 31, 2013 and 2014 and June 30, 2015 (in thousands):

	Total Carrying Value	As of December 31, 2013			
		Level 1	Level 2	Level 3	Total
Financial Assets:					
Money market funds	$ 53,588	$ 53,588	$ —	$ —	$ 53,588
Total financial assets	$ 53,588	$ 53,588	$ —	$ —	$ 53,588

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

3. Fair Value Measurements (Continued)

	Total Carrying Value	As of December 31, 2014			
		Level I	Level 2	Level 3	Total
Financial Assets:					
Money market funds	$ 32,587	$ 32,587	$ —	$ —	$ 32,587
Total financial assets	$ 32,587	$ 32,587	$ —	$ —	$ 32,587

	Total Carrying Value	As of June 30, 2015			
		Level 1	Level 2	Level 3	Total
				(Unaudited)	
Financial Assets:					
Money market funds	$ 118,402	$ 118,402	$ —	$ —	$ 118,402
Total financial assets	$ 118,402	$ 118,402	$ —	$ —	$ 118,402

There were no realized or unrealized losses for the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited). There were no other-than-temporary impairments for these instruments as of December 31, 2013 and 2014 and June 30, 2015 (unaudited).

The amounts due from third party merchant processors that are included in the cash and cash equivalents were $0.1 million, $0.3 million and $0.4 million as of December 31, 2013 and 2014 and June 30, 2015, respectively.

4. Property and Equipment

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

	As of December 31,		As of June 30, 2015
	2013	2014	(Unaudited)
Capitalized software development costs	$ 2,887	$ 6,783	$ 10,815
Office equipment	776	1,231	1,887
Furniture and fixtures	274	328	340
Software	321	653	670
Leasehold improvements	315	380	398
Total property and equipment	4,573	9,375	14,110
Less: accumulated depreciation and amortization	(885)	(2,624)	(4,027)
Total property and equipment, net	$ 3,688	$ 6,751	$ 10,083

Depreciation and amortization expense was $0.6 million, $1.7 million, $0.8 million and $1.4 million for the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), respectively.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

4. Property and Equipment (Continued)

The Company capitalized $2.4 million, $3.9 million, $1.7 million and $4.1 million in software development costs for the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively, of which $0.1 million, $0.3 million, $0.1 million and $0.4 million, respectively, was stock-based compensation expense. Amortization of capitalized software development costs was $0.3 million, $1.2 million, $0.5 million and $1.0 million during the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively. The amortization expense was allocated as follows (in thousands):

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Cost of revenue	$ 265	$ 783	$ 314	$ 686
Research and development	84	415	190	347
Total	$ 349	$ 1,198	$ 504	$ 1,033

5. Acquisition of Authy, Inc.

On February 23, 2015, the Company completed its acquisition of Authy, Inc. ("Authy"), a Delaware corporation with operations in Bogota, Columbia and San Francisco, California. Authy had developed a two-factor authentication online security solution. The Company's purchase price of $6.1 million for all of the outstanding shares of capital stock of Authy consisted of $3.0 million in cash and $3.1 million representing the fair value of 389,733 shares of the Company's Series T convertible preferred stock, of which 180,000 shares are held in escrow. Additionally, the Company issued 507,885 shares of its Series T convertible preferred stock to a former shareholder of Authy subject to vesting and earn-out conditions. These shares are also held in escrow and have a total fair value of $4.0 million.

The acquisition has been accounted for as a business combination and, accordingly, the total purchase price is allocated to the identifiable tangible and intangible assets acquired and the liabilities assumed based on their respective fair values on the acquisition date. The cost of shares subject to vesting and earn-out conditions is accounted for as a post-acquisition compensation expense and recorded on a straight-line basis as the shares vests and conditions are satisfied. The Company recorded $87,000 of stock-based compensation expense related to these shares in the six months ended June 30, 2015 (unaudited). This expense is classified as research and development in the accompanying consolidated statement of operations.

Authy's results of operations have been included in the consolidated financial statements of the Company from the date of acquisition.

This transaction is intended to qualify as a tax-free reorganization under Section 368(a) of the IRS Code.

The fair value of the Series T convertible preferred stock was determined by the board of directors of the Company with input from a third-party valuation consultant.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

5. Acquisition of Authy, Inc. (Continued)

The following table presents the purchase price allocation recorded in the Company's consolidated balance sheet on the acquisition date (in thousands):

	Total
Net tangible assets	$ 1,217
Goodwill[1]	3,113
Intangible assets[2]	1,760
Total purchase price	$ 6,090

The Company acquired a net deferred tax liability of $0.1 million in this business combination.

(1) Goodwill represents the excess of purchase price over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. The goodwill in this transaction is primarily attributable to the future cash flows to be realized from the acquired technology platform, existing customer base and the future development initiatives of the assembled workforce. None of the goodwill is deductible for tax purposes.

(2) Identifiable finite-lived intangible assets were comprised of the following:

	Total	Estimated life (in years)
Developed technology	$ 1,300	3
Customer relationships	400	5
Trade name	60	2
Total intangible assets acquired	$ 1,760	

The estimated fair value of the intangible assets acquired was determined by the Company, and the Company considered or relied in part upon a valuation report of a third-party expert. The Company used an income approach to measure the fair values of the developed technology and trade names based on the relief-from-royalty method. The Company used an income approach to measure the fair value of the customer relationships based on the multi-period excess earnings method, whereby the fair value is estimated based upon the present value of cash flows that the applicable asset is expected to generate.

The Company incurred costs related to this acquisition of $1.5 million, of which $0.3 million and $1.2 million were incurred during the year ended December 31, 2014 and the six months ended June 30, 2015 (unaudited), respectively. All acquisition related costs were expensed as incurred and have been recorded in general and administrative expenses in the accompanying consolidated statements of operations.

Pro forma results of operations for this acquisition have not been presented as the financial impact to the Company's consolidated financial statements is not material.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

6. Intangible Assets

The Company had no intangible assets as of December 31, 2013. The following are intangible assets subject to amortization (in thousands):

	As of December 31, 2014		
	Gross	Accumulated Amortization	Net
Patents	$ 527	$ (17)	$ 510
Total	$ 527	$ (17)	$ 510

	As of June 30, 2015		
	Gross	Accumulated Amortization	Net
		(Unaudited)	
Developed technology	$ 1,300	$ (153)	$ 1,147
Customer relationships	400	(27)	373
Trade name	60	(11)	49
Patent	640	(27)	613
Total	$ 2,400	$ (218)	$ 2,182

Amortization expense was $17,000, $5,000 and $0.2 million for the year ended December 31, 2014 and the six months ended June 30, 2014 and 2015 (unaudited), respectively.

As of December 31, 2014 and June 30, 2015, total estimated future amortization expense was as follows (in thousands):

	As of December 31, 2014	As of June 30, 2015
		(Unaudited)
2015	$ 4	$ 274
2016	4	548
2017	4	524
2018	4	148
2019	4	85
Thereafter	490	603
Total	$ 510	$ 2,182

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

7. Accrued Expenses and Other Current Liabilities

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

	As of December 31, 2013	As of December 31, 2014	As of June 30, 2015 (Unaudited)
Accrued payroll and related	$ 852	$ 809	$ 1,097
Accrued bonus and commission	1,162	1,344	1,932
Accrued cost of revenue	2,162	2,736	4,450
Sales and other taxes payable	5,312	10,312	13,611
Accrued other expense	1,110	2,597	3,733
Total accrued expenses and other current liabilities	$ 10,598	$ 17,798	$ 24,823

8. Supplemental Balance Sheet Information

A roll-forward of the Company's reserves as of December 31, 2013 and 2014 and June 30, 2015 was as follows (in thousands):

Allowance for doubtful accounts:

	As of December 31, 2013	As of December 31, 2014	As of June 30, 2015 (Unaudited)
Balance, beginning of period	$ —	$ 98	$ 210
Additions	213	261	368
Write-offs	(115)	(149)	(61)
Balance, end of period	$ 98	$ 210	$ 517

Sales credit reserve:

	As of December 31, 2013	As of December 31, 2014	As of June 30, 2015 (Unaudited)
Balance, beginning of period	$ —	$ 30	$ 312
Additions	30	683	529
Deductions against reserve	—	(401)	(289)
Balance, end of period	$ 30	$ 312	$ 552

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

9. Revenue by Geographic Area

Revenue by geographic area is based on the IP address at the time of registration. The following table sets forth revenue by geographic area (in thousands):

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Revenue by geographic area:				
United States	$ 45,470	$ 78,251	$ 33,401	$ 60,847
International	4,450	10,595	4,237	10,472
Total	$ 49,920	$ 88,846	$ 37,638	$ 71,319
Percentage of revenue by geographic area:				
United States	91%	88%	89%	85%
International	9%	12%	11%	15%

Long-lived assets outside the United States were insignificant.

10. Credit Facility

The Company entered into a $5.0 million revolving line of credit on January 15, 2013, which expired in January 2015 and was not renewed. The agreement allowed for two borrowing formulae, A and B. Under the borrowing formula A, the interest rate equaled the prime rate plus 1%. Under the borrowing formula B, the interest rate equaled the prime rate plus 2%. Interest payments were due monthly and the principal was due at maturity. If there had been borrowings under the credit line, there were certain covenants with which the Company would have had to comply. In addition, if the Company had borrowed under formula B, the Company would have been obligated to provide Silicon Valley Bank with a warrant to purchase shares worth $40,000. During the 24-month agreement, the Company did not borrow against this line of credit.

Effective January 2015, the Company entered into a $15.0 million revolving credit agreement. Under this agreement, outstanding borrowings are based on the Company's prior month's monthly recurring revenue. Advances on the line of credit bear interest payable monthly at Wall Street Journal prime rate plus 1%. Borrowings are secured by substantially all of the Company's assets, with limited exceptions. If there are borrowings under the credit line, there are certain restrictive covenants with which the Company must comply. The credit facility expires in March 2017. The Company had no outstanding balance on this credit facility at June 30, 2015 (unaudited).

11. Commitments and Contingencies

(a) Lease Commitments

The Company entered into various non-cancelable operating lease agreements for its facilities over the next five years. Certain operating leases contain provisions under which monthly rent escalates over time. When lease agreements contain escalating rent clauses or free rent periods, the Company recognizes rent expense on a straight-line basis over the term of the lease. The Company believes its facilities are sufficient for its current needs.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

11. Commitments and Contingencies (Continued)

Rent expense was $1.5 million, $2.6 million, $1.2 million and $1.9 million for the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), respectively.

As of December 31, 2014, future minimum lease payments under non-cancelable operating leases were as follows (in thousands):

Year Ending December 31:	As of December 31, 2014
2015	$ 3,174
2016	3,065
2017	3,136
2018	1,432
2019	47
Total minimum lease payments	$ 10,854

As of December 31, 2014, future minimum payment under the existing purchase obligations were as follows (in thousands):

Year Ending December 31:	As of December 31, 2014
2015	$ 11,096
2016	4,684
2017	1,800
Total payments	$ 17,580

(b) Legal Matters

The Company is involved from time to time in various claims and legal actions arising in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that its current legal proceedings will not have a material adverse effect on its financial position or results of operations.

On April 30, 2015, Telesign Corporation, or Telesign, filed a lawsuit against the Company in the United States District Court, Central District of California. Telesign alleges that the Company is infringing three U.S. patents held by it: U.S. Patent No. 8,462,920, U.S. Patent No. 8,687,038 and U.S. Patent No. 7,945,034. With respect to each of the patents, the complaint seeks, among other things, to enjoin the Company from allegedly infringing the patents along with damages for lost profit.

It is too early in this matter to reasonably predict the probability of the outcome or to estimate a range of possible losses.

(c) Indemnification Agreements

The Company has signed indemnification agreements with all board members. The agreements indemnify the members from claims and expenses on actions brought against the

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

11. Commitments and Contingencies (Continued)

individuals separately or jointly with the Company for Indemnifiable Events. Indemnifiable Events generally mean any event or occurrence related to the fact that the board member was or is acting in his or her capacity as a board member for the Company or was or is acting or representing the interests of the Company.

In the ordinary course of business, the Company enters into contractual arrangements under which it agrees to provide indemnification of varying scope and terms to business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, intellectual property infringement claims made by third parties and other liabilities relating to or arising from the Company's various products, or our acts or omissions. In these circumstances, payment may be conditional on the other party making a claim pursuant to the procedures specified in the particular contract. Further, the Company's obligations under these agreements may be limited in terms of time and/or amount, and in some instances, the Company may have recourse against third parties for certain payments. In addition, the Company has indemnification agreements with its directors and executive officers that require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The terms of such obligations may vary. As of December 31, 2013 and 2014 and June 30, 2015 (unaudited), no amounts have been accrued.

(d) Other taxes

The Company conducts operations in many tax jurisdictions throughout the United States. In many of these jurisdictions, non-income-based taxes, such as sales and use and telecommunications taxes are assessed on the Company's operations. The Company is subject to indirect taxes in certain of these jurisdictions. Historically, the Company has not billed or collected these taxes and, in accordance with U.S. GAAP, has recorded a provision for its tax exposure in these jurisdictions when it is both probable that a liability has been incurred and the amount of the exposure can be reasonably estimated. As a result the Company recorded a liability of $5.3 million, $10.3 million and $13.6 million as of December 31, 2013 and 2014 and June 30, 2015 (unaudited), respectively. These estimates include several key assumptions including, but not limited to, the taxability of the Company's services, the jurisdictions in which its management believes it has nexus, and the sourcing of revenues to those jurisdictions. In the event these jurisdictions challenge Management's assumptions and analysis, the actual exposure could differ materially from the current estimates.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

12. Stockholders' Equity

(a) Convertible Preferred Stock

As of December 31, 2013 and 2014 and June 30, 2015, the Company has outstanding Series A, B, C, D, E and T convertible preferred stock (individually referred to as "Series A, B, C, D, E or T" or collectively "Preferred Stock") as follows (in thousands, except share data):

	As of December 31, 2013			
	Shares Authorized	Shares Issued and Outstanding	Aggregate Liquidation preference	Proceeds, Net of Issuance Costs
Series A	13,173,240	13,173,240	$ 4,624	$ 4,624
Series B	11,416,062	11,416,062	12,000	11,941
Series C	8,466,254	8,452,864	25,250	25,196
Series D	9,440,324	9,440,324	70,000	69,930
Total	42,495,880	42,482,490	$ 111,874	$ 111,691

	As of December 31, 2014			
	Shares Authorized	Shares Issued and Outstanding	Aggregate Liquidation preference	Proceeds, Net of Issuance Costs
Series A	13,173,240	13,173,240	$ 4,624	$ 4,624
Series B	11,416,062	11,416,062	12,000	11,941
Series C	8,466,254	8,452,864	25,250	25,196
Series D	9,440,324	9,440,324	70,000	69,930
Series T	5,000,000	—	—	—
Total	47,495,880	42,482,490	$ 111,874	$ 111,691

	As of June 30, 2015			
	Shares Authorized	Shares Issued and Outstanding	Aggregate Liquidation preference	Proceeds, Net of Issuance Costs
			(Unaudited)	
Series A	13,173,240	13,173,240	$ 4,624	$ 4,624
Series B	11,416,062	11,416,062	12,000	11,941
Series C	8,452,864	8,452,864	25,250	25,196
Series D	9,440,324	9,440,324	70,000	69,930
Series E	10,610,076	9,725,903	110,000	105,469
Series T	5,000,000	897,618[1]	9	—[2]
Total	58,092,566	53,106,011	$ 221,883	$ 217,160[2]

(1) The outstanding shares include 687,885 shares held in escrow, of which 507,885 shares are subject to future vesting and revenue earn-out conditions.

(2) These shares were issued in connection with the Authy acquisition and had a fair value of $3.1 million on the acquisition closing date.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

12. Stockholders' Equity (Continued)

The holders of the Company's Preferred Stock have the following rights, preferences and privileges:

Conversion

At any time following the date of issuance, each share of Preferred Stock is convertible, at the option of its holder, into the number of shares of common stock which results from dividing the applicable original issue price per share for each series by the applicable conversion price per share for such series, on the date of conversion. At December 31, 2013 and 2014 and June 30, 2015, the initial conversion prices per share of all series of preferred stock were equal to the original issue prices of each series and therefore the conversion ratio was 1:1.

Each share of preferred stock shall be automatically converted into shares of common stock immediately upon the earlier of (i) the consummation of a firmly underwritten public offering pursuant to the Securities Act of 1933, as amended, the public offering price of which is not less than $50.0 million in aggregate; or (ii) the date specified by the written consent of holders of a majority of the outstanding shares of preferred stock, voting together as a class of shares on an as-converted basis. In addition, the conversion of each of the Series B, Series C, Series D and Series E preferred stock in connection with a Liquidation Event defined below requires the written consent of a majority of such series, if the proceeds payable to each of these series is less than the respective original issuance price.

A Liquidation Event includes (i) a sale, lease or other disposition of all or substantially all of the Company's assets, (ii) a merger or consolidation of the Company into another entity (except where the merger results in the holders of the Company's stock prior to merger continuing to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity), (iii) the transfer of the Company's securities to a person, or a group of affiliated persons, if, after such a transfer, such person or group of persons holds 50% or more of the outstanding voting stock of the Company, (iv) the grant of an exclusive, irrecoverable license to all or substantially all of the Company's intellectual property or (v) a liquidation, dissolution or winding up of the Company.

In the event the Company issues any additional stock, as defined in the Company's Certificate of Incorporation, after the preferred stock original issue date, without consideration or for a consideration per share less than the conversion price applicable to a series of preferred stock in effect immediately prior to such issuance, the conversion price for such series in effect immediately prior to each such issuance shall be adjusted according to a formula set forth in the Company's Certificate of Incorporation.

Voting

The holders of Preferred Stock and the holders of common stock vote together and not as separate classes, except in cases specifically provided for in the Certificate of Incorporation or as provided by law.

The holders of each share of Preferred Stock has the right to one vote for each share of common stock into which such Preferred Stock could be converted, and, with respect to such vote, holders of Preferred Stock have full voting rights and powers equal to the voting rights and powers of the holders of common stock, with the exception of voting for the election of directors referred to below.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

12. Stockholders' Equity (Continued)

As long as a majority of the shares of Series A preferred stock originally issued remain outstanding, the holders of such shares, voting as a separate class, shall be entitled to elect one director. As long as a majority of the shares of Series B preferred stock originally issued remain outstanding, the holders of such shares, voting as a separate class, shall be entitled to elect one director. As long as at least 2,000,000 shares of Series D preferred stock are outstanding, the holders of such shares, voting as a separate class, shall be entitled to elect one director. The holders of common stock, voting as a separate class, shall be entitled to elect two directors. The holders of shares of Preferred Stock and common stock, voting together as a single class on an as-converted basis, shall be entitled to elect the remaining directors of the Company.

Dividends

The holders of convertible preferred stock are entitled to receive, when and if declared by the board of directors, out of any assets legally available therefor, any dividends as may be declared from time to time by the board of directors. No dividend may be declared or paid on the common stock unless any and all such dividends are distributed among all holders of common stock and preferred stock on a pro rata *pari passu* basis in proportion to the number of shares of common stock that would be held by each such holder if all shares of preferred stock were converted to common stock at the effective conversion rate. The right to receive dividends on shares of preferred stock is non-cumulative. No dividends have been declared or paid by the Company as of December 31, 2013 and 2014 and June 30, 2015.

Liquidation Preference

In the event of any Liquidation Event of the Company, the holders of Series A, Series B, Series C, Series D and Series E preferred stock ("senior preferred stock") shall be entitled to receive, in preference to any distribution of the proceeds to the holders of Series T preferred stock or common stock, an amount per share equal to the sum of the applicable original issue price for each series of preferred stock (as adjusted for stock splits and combinations as described in the Certificate of Incorporation), plus declared but unpaid dividends on such share. Upon completion of this distribution, the holders of Series T preferred stock shall be entitled to receive in preference to any distribution of the proceeds to the holders of common stock an amount per share equal to the sum of the applicable original issue price for Series T preferred stock, plus declared but unpaid dividends on such share. If the proceeds thus distributed among the holders of the preferred stock are insufficient to permit payment to such holders of the full preferential amounts, then the entire proceeds available for distribution shall be distributed ratably first among the holders of the senior preferred stock in proportion to the full preferential amount that each holder is otherwise entitled to. The original issue price per share of Series A, Series B, Series C, Series D, Series E and Series T convertible preferred stock is equal to $0.351, $1.05, $2.99, $7.41, $11.31 and $0.01, respectively.

Upon completion of the distribution referred to above, all the remaining proceeds available for distribution shall be distributed to the holders of the Company's common stock pro rata based on the number of common stock held by each.

The Company classified the Preferred Stock within shareholders' equity since the shares are not redeemable, and the holders of the Preferred Stock cannot effect a deemed liquidation of the Company outside of the Company control.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

12. Stockholders' Equity (Continued)

(b) Common Stock

As of December 31, 2013 and 2014 and June 30, 2015 (unaudited) there were 16,958,130, 17,446,051 and 18,558,626 shares of common stock, respectively, issued and outstanding.

Holders of common stock are entitled to one vote per share and are entitled to receive any dividends as may be declared from time to time by the board of directors. Common stock is subordinate to the Preferred Stock with respect to dividend rights and rights upon a Liquidation Event of the Company. The common stock is not redeemable at the option of the holder.

As of December 31, 2013 and 2014 and June 30, 2015 the Company had reserved shares of common stock for issuance as follows:

	As of December 31,		As of
	2013	2014	June 30, 2015
			(Unaudited)
Convertible preferred stock	42,482,490	42,482,490	53,106,011[1]
Stock options issued and outstanding	8,616,443	13,141,311	14,404,793
Stock options available for grant under 2008 Plan	587,343	575,554	3,199,497
Total	51,686,276	56,199,355	70,710,301

(1) Includes 687,885 shares of Series T convertible preferred stock held in escrow.

(c) Founder Stock Repurchase

Following the closing of the Series D convertible preferred stock financing, on May 20, 2013, the Company repurchased 1,498,464 shares of common stock from the three founders (the "Founders") for $10.0 million in cash. The repurchase allowed the Founders to obtain liquidity at a price in excess of the fair value of the Company's common stock at the date of repurchase. No special rights or privileges were conveyed to the Founders as part of the repurchase; however, no other shareholders were given the opportunity to participate in this repurchase. As such, the Company recorded a compensation expense in the amount of $5.0 million, which represented the excess of the common stock repurchase price over the fair value of the common stock on the date of repurchase. Of this expense, $1.9 million and $3.1 million were classified as research and development and general and administrative expenses, respectively, in the accompanying consolidated statement of operations. The Company retired the shares repurchased from the Founders as of December 31, 2013.

(d) Stock Split

On July 9, 2014, the Company's board of directors and stockholders approved and the Company effected, a 2-for-1 split of its common stock and Preferred Stock. In connection with the split, (i) every one share of issued and outstanding common stock and Preferred Stock was increased to two shares of common stock or Preferred Stock, as applicable, and (ii) the exercise price of each outstanding option to purchase common stock was proportionately decreased. The stock split has been reflected retrospectively throughout the consolidated financial statements.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

13. Stock-Based Compensation

Equity Incentive Plan

The Company maintains a stock plan, the 2008 Stock Option Plan (the "2008 Plan"), which allows the Company to grant incentive ("ISO") and non-statutory ("NSO") stock options to its employees, directors and consultants to participate in the Company's future performance through option awards at the discretion of the board of directors. Under the 2008 Plan, options to purchase the Company's common stock may not be granted at a price less than fair value in the case of ISOs and NSOs. Fair value is determined by the board of directors, in good faith, with input from valuation consultants.

The exercise price of an incentive stock option granted to a 10% stockholder will not be less than 110% of the estimated fair value of the common stock on the date of grant, as determined by the board of directors.

Options granted under the 2008 Plan generally expire 10 years from the date of grant and vest over periods determined by the board of directors. The vesting period is generally a four-year term from the date of grant, at a rate of 25% after one year, then monthly on a straight-line basis thereafter. Common shares purchased under the 2008 Plan are subject to certain restrictions, including the right of first refusal by the Company for sale or transfer of shares to outside parties. The Company's right of first refusal terminates upon completion of an initial public offering of common stock. Options granted may include provisions for early exercisability.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

13. Stock-Based Compensation (Continued)

Stock option activity under the 2008 Plan during the year ended December 31, 2014 and the six months ended June 30, 2015 was as follows:

	Number of options outstanding	Weighted-average exercise price (per share)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding options as of December 31, 2013	8,616,443	$ 2.00	8.83	$ 16,077
Granted	6,844,749	4.44		
Exercised	(494,673)	1.25		
Forfeited and cancelled	(1,825,208)	2.32		
Outstanding options as of December 31, 2014	13,141,311	3.25	8.59	50,215
Granted (unaudited)	3,108,002	7.36		
Exercised (unaudited)	(1,123,700)	1.54		
Forfeited and cancelled (unaudited)	(720,820)	3.41		
Outstanding options as of June 30, 2015 (unaudited)	14,404,793	$ 4.26	8.70	$ 50,700
Options vested and exercisable as of December 31, 2014	3,587,646	$ 1.69	6.88	$ 19,312
Options vested and expected to vest as of December 31, 2014	11,746,074	$ 3.15	8.49	$ 46,058
Options vested and exercisable as of June 30, 2015 (unaudited)	3,770,753	$ 2.22	7.46	$ 20,954
Options vested and expected to vest as of June 30, 2015 (unaudited)	13,198,721	$ 4.16	8.65	$ 47,802

Aggregate intrinsic value represents the difference between the Company's estimated fair value of its common stock and the exercise price of outstanding "in-the-money" options. The aggregate intrinsic value of stock options exercised was $0.5 million, $1.5 million, $0.5 million and $6.3 million during the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), respectively.

The total estimated grant date fair value of options vested was $1.8 million, $3.9 million, $1.2 million and $2.7 million during the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), respectively. The weighted-average grant-date fair value of options granted was $1.93, $2.88, $2.21 and $3.82 during the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), respectively.

As of December 31, 2014 and June 30, 2015 (unaudited), total unrecognized compensation cost related to non-vested stock options was $18.5 million and $25.0 million, respectively, net of

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

13. Stock-Based Compensation (Continued)

estimated forfeitures, which will be amortized on a straight-line basis over a weighted-average period of 2.82 and 2.76 years, respectively.

No options were granted to nonemployees in the year ended December 31, 2014 and the six months ended June 30, 2015. An inconsequential number of options were granted to nonemployees in the year ended December 31, 2013. There was no nonemployee option expense in any other period presented.

Early Exercise of Nonvested Options

Employees have an option to exercise their stock options prior to vesting. The Company has the right to repurchase, at the original issuance price, any unvested (but issued) common shares upon termination of service of an employee, either voluntarily or involuntarily. The consideration received for an early exercise of a stock option is considered to be a deposit of the exercise price and the related amount is recorded as a liability. The liability is reclassified into stockholders' equity as the stock options vest. As of December 31, 2013 and 2014 and June 30, 2015 (unaudited), the Company recorded a liability of $0.3 million, $0.2 million and $0.1 million, respectively, for 320,900, 127,316 and 49,323 unvested shares, respectively, that were early exercised by employees and were subject to repurchase at the respective period end. These amounts are reflected in current and non-current liabilities on the Company's consolidated balance sheets.

Valuation Assumptions

The fair value of employee stock options was estimated on the date of grant using the following assumptions in the Black-Scholes option pricing model:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Fair value of common stock	$2.50 - 3.73	$3.99 - 6.69	$3.99 - 4.30	$7.07 - 7.78
Expected term (in years)	5.77 - 6.08	5.27 - 6.57	5.77 - 6.08	6.08
Expected volatility	54.4%	54.4%	54.4%	52.01% - 54.89%
Risk-free interest rate	0.9% - 1.9%	1.7% - 2.0%	1.8% - 2.0%	1.4% - 1.9%
Dividend rate	0%	0%	0%	0%

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

13. Stock-Based Compensation (Continued)

Stock-Based Compensation Expense

The Company recorded compensation expense for options granted to employees and nonemployees as follows (in thousands):

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Cost of revenue	$ 27	$ 39	$ 15	$ 28
Research and development	810	1,577	565	1,459
Sales and marketing	753	1,335	589	933
General and administrative	567	1,027	317	1,147
Total	$ 2,157	$ 3,978	$ 1,486	$ 3,567

14. Net Loss and Pro Forma Net Loss Per Share Attributable to Common Stockholders

The following table sets forth the calculation of basic and diluted net loss per share attributable to common stockholders during the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (in thousands, except per share data):

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Net loss attributable to common stockholders	$ (26,854)	$ (26,758)	$ (12,367)	$ (18,236)
Weighted-average shares used to compute basic and diluted net loss per share attributable to common stockholders	16,916,035	16,900,124	16,778,556	18,070,932
Net loss per share attributable to common stockholders, basic and diluted	$ (1.59)	$ (1.58)	$ (0.74)	$ (1.01)

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

14. Net Loss and Pro Forma Net Loss Per Share Attributable to Common Stockholders (Continued)

The following outstanding shares of common stock equivalents were excluded from the computation of the diluted net loss per share attributable to common stockholders for the periods presented because their effect would have been anti-dilutive:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(Unaudited)	
Convertible preferred stock outstanding	42,482,490	42,482,490	42,482,290	53,106,011
Issued and outstanding options	8,616,443	13,141,311	9,345,643	14,404,793
Unvested shares subject to repurchase	320,900	127,316	208,943	49,323
Total	51,419,833	55,751,117	52,036,876	67,560,127

The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net loss per share attributable to common stockholders during the year ended December 31, 2014 and the six months ended June 30, 2015 (in thousands, except share and per share data):

	Year Ended December 31,		Six Months Ended June 30,
	2013	2014	2015
			(Unaudited)
Net loss used in computing pro forma net loss per share attributable to common stockholders, basic and diluted	$ (26,854)	$ (26,758)	$ (18,236)
Shares used in computing net loss per share attributable to common stockholders, basic and diluted	16,916,035	16,900,124	18,070,932
Pro forma adjustment to reflect assumed conversion of convertible preferred stock	42,482,490	42,482,490	53,106,011
Shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted	59,398,525	59,382,614	71,176,943
Pro forma net loss per share attributable to common stockholders, basic and diluted	$ (0.45)	$ (0.45)	$ (0.26)

15. Income Taxes

For the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), the Company did not have taxable income and, therefore, no income tax liability or expense has been recorded in the financial statements.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

15. Income Taxes (Continued)

As a result of the acquisition of Authy in February 2015, the Company recorded a tax benefit of $0.1 million as a discrete item in the six months ended June 30, 2015. This tax benefit is a result of a partial release of the Company's existing valuation allowance immediately prior to the acquisition since the acquired deferred tax liabilities from Authy will provide a source of income for the Company to realize a portion of its deferred tax assets, for which a valuation allowance is no longer needed.

Net loss before provision for income taxes consisted of the following (in thousands):

	Year Ended December 31,	
	2013	2014
United States	$ (26,928)	$ (26,837)
International	74	92
Total net loss before provision for income taxes	$ (26,854)	$ (26,745)

The following table presents a reconciliation of the statutory federal tax rate and the Company's effective tax rate for the years ended December 31, 2013 and 2014:

	Year Ended December 31,	
	2013	2014
Tax benefit at federal statutory rate	34%	34%
State tax, net of federal benefit	6	7
Stock-based compensation	(9)	(4)
Credits	1	2
Change in valuation allowance	(32)	(39)
Effective tax rate	—	—

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

15. Income Taxes (Continued)

The following table presents the significant components of the Company's deferred tax assets and liabilities (in thousands):

	As of December 31,	
	2013	2014
Deferred tax assets:		
Net operating loss carry forwards	$ 16,310	$ 24,402
Accrued and prepaid expenses	2,815	5,573
Stock-based compensation	200	423
Research and development credits	2,330	3,918
Gross deferred tax assets	21,655	34,316
Valuation allowance	(20,194)	(30,559)
Net deferred tax assets	1,461	3,757
Deferred tax liabilities:		
Capitalized software	(886)	(2,019)
Prepaid expenses	(538)	(1,607)
Property and equipment	(37)	(131)
Net deferred tax assets	$ —	$ —

At December 31, 2014, the Company had approximately $61.5 million in federal net operating loss carryforwards and $3.3 million in federal tax credits. If not utilized, the federal net operating loss and tax credit carryforwards will expire at various dates beginning in 2028 and 2031, respectively.

At December 31, 2014, the Company had approximately $60.8 million in state net operating loss carryforwards and $2.3 million in state tax credits. If not utilized, the state net operating loss carryforwards will expire at various dates beginning in 2029. The state tax credits can be carried forward indefinitely.

A limitation may apply to the use of the net operating loss and credit carryforwards, under provisions of the Internal Revenue Code of 1986, as amended, and similar state tax provisions that are applicable if the Company experiences an "ownership change." An ownership change may occur, for example, as a result of issuance of new equity. Should these limitations apply, the carryforwards would be subject to an annual limitation, resulting in a potential reduction in the gross deferred tax assets before considering the valuation allowance.

The Company's accounting for deferred taxes involves the evaluation of a number of factors concerning the realizability of its net deferred tax assets. The Company primarily considered such factors as its history of operating losses, the nature of the Company's deferred tax assets, and the timing, likelihood and amount, if any, of future taxable income during the periods in which those temporary differences and carryforwards become deductible. At present, the Company does not believe that it is more likely than not that the net deferred tax assets will be realized, accordingly, a full valuation allowance has been established. The valuation allowance increased by approximately $8.7 million and $10.4 million during the years ended December 31, 2013 and 2014, respectively.

TWILIO INC.

Notes to Consolidated Financial Statements (Continued)

15. Income Taxes (Continued)

The Company has not incurred any material tax interest or penalties with respect to income taxes in the years ended December 31, 2013 and 2014.

The Company does not anticipate any significant change within 12 months of December 31, 2014 in its uncertain tax positions, which are not material in relation to the consolidated financial statements taken as a whole.

The Company is subject to taxation in the United States, various state jurisdictions, the United Kingdom and Estonia. The Company's various tax years remain open in various taxing jurisdictions.

16. Employee Benefit Plan

The Company sponsors a 401(k) defined contribution plan covering all employees. There were no employer contributions to the plan in the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited).

17. Related Party Transactions

In June 2015, one of the Company's vendors participated in the Company's Series E convertible preferred stock financing and owns approximately 1.23% of the Company's outstanding capital stock as of June 30, 2015, on an as-if converted basis. During the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), the amount of software services the Company purchased from this vendor was insignificant.

18. Subsequent Events

The Company established a subsidiary in Singapore, effective July 2015.

On July 10, 2015, the Company sold 1,768,346 million shares of Series E convertible preferred stock at $11.31 per share, for aggregate gross proceeds of $20.0 million. This was the third tranche of the Series E financing, and the direct costs incurred for this tranche were nominal.

Following the closing of the Series E financing, on August 21, 2015, the Company repurchased an aggregate of 365,916 shares of Series A preferred stock and Series B preferred stock from certain preferred stockholders and repurchased an aggregate of 1,869,156 shares of common stock from our certain employees and former employees for $22.8 million in cash. This repurchase was conducted at a price in excess of the fair value of our common stock at the date of repurchase. No special rights or privileges were conveyed to the employees and former employees. However, not all employees were invited to participate in this repurchase transaction. As such, the Company recorded a compensation expense in the amount of $2.0 million, which represented the excess of the common stock repurchase price above the fair value of the common stock on the date of repurchase. The excess of the preferred stock repurchase price above the carrying value of the preferred stock will be recorded as a dividend in the quarter ended September 30, 2015, and will impact the income attributable to common stockholders. The Company retired all shares repurchased in this transaction.

In September 2015, the Company entered into a one-year agreement with a vendor for an aggregate purchase commitment amount of $13.0 million over the term of the agreement.

The Company has evaluated subsequent events from the balance sheet date through November 6, 2015, the date on which the December 31, 2014 consolidated financial statements and the June 30, 2015 (unaudited) interim consolidated financial statements were available to be issued.

* * * * * *

Shares

Twilio Inc.

Common Stock

Goldman, Sachs & Co. **J.P. Morgan**

Allen & Company LLC **Pacific Crest Securities**
a division of KeyBanc Capital Markets

JMP Securities **William Blair** **Canaccord Genuity**

Through and including (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 PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, upon completion of this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the exchange listing fee.

SEC registration fee	$	*
FINRA filing fee		*
Exchange listing fee		*
Printing and engraving expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Transfer agent and registrar fees		*
Miscellaneous expenses		*
Total	$	*

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors and other corporate agents.

We expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, we expect to adopt amended and restated bylaws, which will become effective immediately prior to the completion of this offering, and which will provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another

corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws are expected to provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws will also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended and restated bylaws and in indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since October 1, 2012, we issued the following unregistered securities:

Preferred Stock Issuances

From August 2011 through May 2012, we sold an aggregate of 8,452,464 shares of our Series C convertible preferred stock to 11 accredited investors at a purchase price of $2.98715 per share, for an aggregate purchase price of $25.3 million.

During May 2013, we sold an aggregate of 9,440,324 shares of our Series D convertible preferred stock to nine accredited investors at a purchase price of $7.415 per share, for an aggregate purchase price of $70.0 million.

From April 2015 through July 2015, we sold an aggregate of 11,494,249 shares of our Series E convertible preferred stock to 26 accredited investors at a purchase price of $11.31 per share, for an aggregate purchase price of $130.0 million.

Option Issuances

Since October 1, 2012, we granted to our directors, officers, employees, consultants and other service providers options to purchase an aggregate of 18,302,036 shares of our common stock under our equity compensation plan at exercise prices ranging from approximately $1.25 to $9.10 per share and 50,000 restricted stock units.

Shares Issued in Connection with Acquisitions

Since October 1, 2012, we issued an aggregate of 897,618 shares of our Series T convertible preferred stock in connection with our acquisition of Authy and as consideration to individuals who were former service providers and/or stockholders of such company.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe the offers, sales and issuances of the above securities were exempt from registration under the Securities Act by virtue of Section 4(a)(2) of the Securities Act because the issuance of securities to the recipients did not involve a public offering, or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule. The recipients of the securities in each of these transactions represented their intentions 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 placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) *Exhibits*.

Exhibit Number	Exhibit Title
1.1*	Form of Underwriting Agreement.
3.1*	Form of Amended and Restated Certificate of Incorporation of Twilio Inc., to be effective upon the completion of this offering.
3.2	Amended and Restated Certificate of Incorporation of Twilio Inc., as currently in effect.
3.3*	Form of Amended and Restated Bylaws of Twilio Inc., to be effective upon the completion of this offering.
3.4	Amended and Restated Bylaws of Twilio Inc., as currently in effect.
4.1*	Form of Twilio Inc.'s common stock certificate.
4.2	Amended and Restated Investors' Rights Agreement, by and among Twilio Inc. and certain security holders of Twilio Inc., dated April 24, 2015.
5.1*	Opinion of Goodwin Procter LLP.
10.1*	Form of Indemnification Agreement.
10.2	2008 Stock Option Plan, as amended and restated, and forms of award agreements.
10.3*	2016 Equity Incentive Plan, to be effective upon completion of this offering, and forms of award agreements.
10.4	Amended and Restated Loan and Security Agreement by and among Twilio Inc. and Silicon Valley Bank, dated March 19, 2015.
10.5*†	AWS Enterprise Discount Program Addendum, to the AWS Customer Agreement, by and between Amazon Web Services, Inc. and Twilio Inc., dated September 1, 2015.
10.6	Office Lease, by and between HV-645 Harrison, Inc. and Twilio Inc., dated July 13, 2012, as amended on April 16, 2014.
21.1*	List of Subsidiaries of Registrant.
23.1*	Consent of Goodwin Procter LLP (included in Exhibit 5.1).
23.2*	Consent of KPMG LLP, independent registered public accounting firm.
24.1*	Power of Attorney (included on page II-6).

* To be filed by amendment.

† Confidential treatment requested with respect to portions of this exhibit.

(b) *Financial Statement Schedules*.

All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

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 of 1933 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 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 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 of 1933, 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 of 1933, 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 on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in San Francisco, California, on the day of .

TWILIO INC.

By: _____

Jeff Lawson
Chief Executive Officer and Chairman

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Jeff Lawson and Lee Kirkpatrick, and each of them, as his true and lawful attorney-in-fact and agent with full power of substitution, for him in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) under the Securities Act of 1933 increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
_____ Jeff Lawson	Chief Executive Officer and Chairman (Principal Executive Officer)	
_____ Lee Kirkpatrick	Chief Financial Officer (Principal Financial and Accounting Officer)	
_____ Richard Dalzell	Director	
_____ Byron Deeter	Director	

Signature	Title	Date
James McGeever	Director	
Scott Raney	Director	

EXHIBIT INDEX

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24.1*	Power of Attorney (included on page II-6).

* To be filed by amendment.

† Confidential treatment requested with respect to portions of this exhibit.

RESTATED
CERTIFICATE OF INCORPORATION OF
TWILIO INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Twilio Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

DOES HEREBY CERTIFY:

FIRST: That the name of this corporation is Twilio Inc. and that this corporation was originally incorporated pursuant to the General Corporation Law on March 13, 2008 under the name Twilio Inc.

SECOND: That the Board of Directors of this corporation duly adopted resolutions proposing to amend and restate the Amended and Restated Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Amended and Restated Certificate of Incorporation of this corporation be amended and restated in its entirety as follows:

ARTICLE I

The name of this corporation is Twilio Inc.

ARTICLE II

The address of the registered office of this corporation in the State of Delaware is 615 South Dupont Highway, in the City of Dover, County of Kent, Delaware 19901. The name of its registered agent at such address is National Corporate Research, Ltd.

ARTICLE III

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.

ARTICLE IV

A. Authorization of Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, common stock and preferred stock. The total number of

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shares that this corporation is authorized to issue is 156,324,220. The total number of shares of common stock authorized to be issued is 100,000,000, par value $0.001 per share (the "Common Stock"). The total number of shares of preferred stock authorized to be issued is 56,324,220, par value $0.001 per share (the "Preferred Stock"), 13,173,240 of which are designated as "Series A Preferred Stock," 11,416,062 of which are designated as "Series B Preferred Stock," 8,452,864 of which are designated as "Series C Preferred Stock," 9,440,324 of which are designated as "Series D Preferred Stock," 8,841,730 of which are designated as "Series E Preferred Stock" and 5,000,000 of which are designated as "Series T Preferred Stock".

B. Rights, Preferences and Restrictions of Preferred Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Preferred Stock are as set forth below in this Article IV(B).

1. Dividend Provisions. The holders of shares of Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of this corporation legally available therefor, any dividends as may be declared from time to time by the Board of Directors. No dividend may be declared or paid on the Common Stock (other than dividends payable in shares of Common Stock) unless any and all such dividends or distributions are distributed among all holders of Common Stock and Preferred Stock on a *pro rata pari passu* basis in proportion to the number of shares of Common Stock that would be held by each such holder if all shares of Preferred Stock were converted to Common Stock at the then effective Conversion Rate (as defined below). The right to receive dividends on shares of Preferred Stock shall not be cumulative, and no right to dividends shall accrue to holders of Preferred Stock by reason of the fact that dividends on said shares are not declared or paid.

2. Liquidation Preference.

(a) In the event of any Liquidation Event (as defined below), either voluntary or involuntary, the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock (the "Senior Preferred Stock") shall be entitled to receive, prior and in preference to any distribution of the proceeds of such Liquidation Event (the "Proceeds") to the holders of Series T Preferred Stock or Common Stock by reason of their ownership thereof, an amount per share equal to the sum of the applicable Original Issue Price (as defined below) for such series of Senior Preferred Stock, plus declared but unpaid dividends on such share. If, upon the occurrence of such event, the Proceeds thus distributed among the holders of the Senior Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire Proceeds legally available for distribution shall be distributed ratably among the holders of the Senior Preferred Stock in proportion to the full preferential amount that each such holder is otherwise entitled to receive under this subsection (a). For purposes of this Restated Certificate of Incorporation, "Original Issue Price" shall mean $0.351 per share for each share of the Series A Preferred Stock, $1.05115 per share for each share of the Series B Preferred Stock, $2.98715 per share for each share of the Series C Preferred Stock, $7.415 per share for each share of the Series D Preferred Stock, $11.31 per share for each share of the Series E Preferred Stock and $0.01 per share for each share of the Series T Preferred Stock (each as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock).

(b) Upon completion of the distribution required by subsection (a) of this Section 2, the holders of the Series T Preferred Stock shall be entitled to receive, prior and in preference to any distribution of Proceeds to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the sum of the Original Issue Price (as defined above) for the Series T Preferred Stock, plus declared but unpaid dividends on such share. If, upon the occurrence of such event, the Proceeds thus distributed among the holders of the Series T Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the remaining Proceeds legally available for distribution shall be distributed ratably among the holders of the Series T Preferred Stock pro rata based on the number of shares of Series T Preferred Stock held by each.

(c) Upon completion of the distribution required by subsection (b) of this Section 2, all of the remaining Proceeds available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

(d) Notwithstanding the above, for purposes of determining the amount each holder of shares of Preferred Stock is entitled to receive with respect to a Liquidation Event, each such holder of shares of a series of Preferred Stock shall be deemed to have converted (regardless of whether such holder actually converted) such holder's shares of such series into shares of Common Stock immediately prior to the Liquidation Event if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of Preferred Stock into shares of Common Stock. If any such holder shall be deemed to have converted shares of Preferred Stock into Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of Preferred Stock that have not converted (or have not been deemed to have converted) into shares of Common Stock.

(e) (i) For purposes of this Section 2, a "Liquidation Event" shall include (A) the closing of the sale, lease, transfer or other disposition of all or substantially all of this corporation's assets in one transaction or a series of related transactions, (B) the consummation of the merger or consolidation of this corporation with or into another entity (except a merger or consolidation in which the holders of capital stock of this corporation immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of this corporation or the surviving or acquiring entity), (C) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of this corporation's securities), of this corporation's securities if, after such closing, such person or group of affiliated persons would hold 50% or

more of the outstanding voting stock of this corporation (or the surviving or acquiring entity), (D) the grant to a single entity (or group of affiliated entities) of an exclusive, irrevocable license to all or substantially all of this corporation's intellectual property that is used to generate all or substantially all of this corporation's revenues, or (E) a liquidation, dissolution or winding up of this corporation; provided, however, that a transaction shall not constitute a Liquidation Event if its sole purpose is to change the state of this corporation's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held this corporation's

securities immediately prior to such transaction. Notwithstanding the prior sentence, the sale of capital stock in any bona fide transaction for the purpose of financing the operation of this corporation shall not be deemed a "Liquidation Event." The treatment of any particular transaction or series of related transactions as a Liquidation Event may be waived by the vote or written consent of the holders of a majority of the outstanding Senior Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis).

(ii) In any Liquidation Event, if Proceeds received by this corporation or its stockholders are other than cash, their value will be deemed their fair market value. Any securities shall be valued as follows:

(A) Securities not subject to investment letter or other similar restrictions on free marketability covered by (B) below:

(1) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange or system over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidation Event;

(2) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidation Event; and

(3) If there is no active public market, the value shall be the fair market value thereof, as determined by this corporation's Board of Directors, including a majority of the Preferred Directors (as defined below in Section 5(b)).

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A) (1), (2) or (3) to reflect the approximate fair market value thereof, as determined by this corporation's Board of Directors, including a majority of the Preferred Directors.

(C) The foregoing methods for valuing non-cash consideration to be distributed in connection with a Liquidation Event shall, upon approval by the stockholders of the definitive agreements governing such Liquidation Event, be superseded by any determination of such value set forth in the definitive agreements governing such Liquidation Event.

(iii) In the event the requirements of this Section 2 are not complied with, this corporation shall forthwith either:

(A) cause the closing of such Liquidation Event to be postponed until such time as the requirements of this Section 2 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 2(d)(iv) hereof.

(iv) This corporation shall give each holder of record of Senior Preferred Stock written notice of such impending Liquidation Event not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 2, and this corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after this corporation has given the first notice provided for herein or sooner than ten (10) days after this corporation has given notice of any material changes provided for herein; provided, however, that subject to compliance with the General Corporation Law such periods may be shortened or waived upon the written consent of (A) the holders of Senior Preferred Stock that represent a majority of the voting power of all then outstanding shares of Senior Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis) and (B) the holders of Series E Preferred Stock that represent a majority of the voting power of all then outstanding shares of Series E Preferred Stock (voting as a separate series).

3. Redemption. The Preferred Stock is not redeemable at the option of the holder.

4. Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of this corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the applicable Original Issue Price for such series by the applicable Conversion Price for such series (the conversion rate for a series of Preferred Stock into Common Stock is referred to herein as the "Conversion Rate" for such series), determined as hereafter provided, in effect on the date the certificate is surrendered for conversion. The initial Conversion Price per share for each series of Preferred Stock shall be the Original Issue Price applicable to such series; provided, however, that the Conversion Price for the Preferred Stock shall be subject to adjustment as set forth in subsection 4(d).

(b) Automatic Conversion. Each share of Preferred Stock shall automatically be converted into fully-paid, non-assessable shares of Common Stock at the Conversion Rate at the time in effect for such series of Preferred Stock immediately upon the earlier of (i) this corporation's sale of its Common Stock in a firm commitment underwritten public offering pursuant to a registration statement on Form S-1 or Form SB-2 under the

Securities Act of 1933, as amended, on the New York Stock Exchange, NASDAQ Global Market or other internationally recognized stock exchange, the gross public offering price of which was not less than $50,000,000 in the aggregate (before deduction of underwriting discounts, commissions and expenses) (a "Qualified Public Offering") or (ii) the date specified by written consent or agreement of the holders of a majority of the then outstanding shares of Senior Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis); provided, however, that (A) the conversion of the Series B Preferred Stock pursuant to this subsection (ii) in connection with a Liquidation Event in which the Proceeds payable to the holder of each share of Series B Preferred Stock by reason of their ownership thereof is less than the Original Issue Price applicable to the Series B Preferred Stock shall also require the written consent or agreement of the holders of a majority of the then outstanding shares of Series B Preferred Stock (voting as a separate series), (B) the conversion of the Series C Preferred Stock pursuant to this subsection (ii) in connection with a Liquidation Event in which the Proceeds payable to the holder of each share of Series C Preferred Stock by reason of their ownership thereof is less than the Original Issue Price applicable to the Series C Preferred Stock shall also require the written consent or agreement of the holders of a majority of the then outstanding shares of Series C Preferred Stock (voting as a separate series), (C) the conversion of the Series D Preferred Stock pursuant to this subsection (ii) in connection with a Liquidation Event in which the Proceeds payable to the holder of each share of Series D Preferred Stock by reason of their ownership thereof is less than the Original Issue Price applicable to the Series D Preferred Stock shall also require the written consent or agreement of the holders of at least 67% of the then outstanding shares of Series D Preferred Stock (voting as a separate series) and (D) the conversion of the Series E Preferred Stock pursuant to this subsection (ii) shall also require the written consent or agreement of the holders of a majority of the then outstanding shares of Series E Preferred Stock (voting as a separate series).

(c) Mechanics of Conversion. Before any holder of Preferred Stock shall be entitled to voluntarily convert the same into shares of Common Stock, he or she shall surrender the certificate or certificates therefor, duly endorsed, at the office of this corporation or of any transfer agent for the Preferred Stock (or notify the corporation or its transfer agent that such certificates have been lost, stolen or destroyed and execute an agreement satisfactory to the corporation to indemnify the corporation from any loss incurred by it in connection with such certificates) and shall give written notice to this corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. This corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Common Stock upon conversion of the Preferred Stock shall not be deemed to have

converted such Preferred Stock until immediately prior to the closing of such sale of securities. If the conversion is in connection with Automatic Conversion provisions of subsection 4(b)(ii) above, such conversion shall be deemed to have been made on the conversion date described in the stockholder consent approving such conversion, and the persons entitled to receive shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holders of such shares of Common Stock as of such date.

(d) Conversion Price Adjustments of Senior Preferred Stock for Certain Dilutive Issuances, Splits and Combinations. The Conversion Price of the Senior Preferred Stock shall be subject to adjustment from time to time only as follows:

(i) (A) If this corporation shall issue, on or after the date upon which this Restated Certificate of Incorporation is accepted for filing by the Secretary of State of the State of Delaware (the "Filing Date"), any Additional Stock (as defined below) without consideration or for a consideration per share less than the Conversion Price applicable to a series of Senior Preferred Stock in effect immediately prior to the issuance of such Additional Stock, the Conversion Price for such series in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted, concurrently with such issuance, to a price determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the sum of (w) the number of shares of Common Stock Outstanding (as defined below) immediately prior to such issuance and (x) the number of shares of Common Stock that the aggregate consideration received by this corporation for such issuance would purchase at such Conversion Price; and the denominator of which shall be the sum of (y) the number of shares of Common Stock Outstanding immediately prior to such issuance and (z) the number of shares of such Additional Stock. For purposes of this Section 4(d)(i)(A), the term "Common Stock Outstanding" shall mean and include the following: (1) outstanding Common Stock, (2) Common Stock issuable upon conversion of outstanding Preferred Stock, (3) Common Stock issuable upon exercise of outstanding stock options and (4) Common Stock issuable upon exercise (and, in the case of warrants to purchase Preferred Stock, conversion) of outstanding warrants. Shares described in (1) through (4) above shall be included whether vested or unvested, whether contingent or non-contingent and whether exercisable or not yet exercisable.

(B) No adjustment of the Conversion Price for the Senior Preferred Stock shall be made in an amount less than one cent per share, provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three (3) years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three (3) years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for in subsections (E)(3) and (E)(4), no adjustment of such Conversion Price pursuant to this subsection 4(d)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Additional Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by

this corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of the Additional Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair market value thereof as determined by the Board of Directors irrespective of any accounting treatment.

(E) In the case of the issuance of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for purposes of determining the number of shares of Additional Stock issued and the consideration paid therefor:

(1) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 4(d)(i)(C) and (d)(i)(D)), if any, received by this corporation upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights (without taking into account potential antidilution adjustments) for the Common Stock covered thereby.

(2) The aggregate maximum number of shares of Common Stock deliverable upon conversion of, or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for, any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by this corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by this corporation (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 4(d)(i)(C) and (d)(i)(D)).

(3) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to this corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, the Conversion Price of the Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual

issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price of the Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(5) The number of shares of Additional Stock deemed issued and the consideration deemed paid therefor pursuant to subsections 4(d)(i)(E)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either subsection 4(d)(i)(E)(3) or (4).

(ii) "Additional Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) by this corporation on or after the Filing Date other than:

(A) Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) pursuant to a transaction described in subsection 4(d)(iii) hereof;

(B) Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) to officers, employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their services pursuant to plans or agreements approved by this corporation's Board of Directors;

(C) Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) pursuant to a bona fide, firmly underwritten public offering pursuant to a registration statement filed under the Securities Act of 1933, as amended;

(D) Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) pursuant to the conversion or exercise of convertible or exercisable securities outstanding on the Filing Date;

(E) Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) in connection with a bona fide business acquisition of or by this corporation, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, provided that such transaction is approved by this corporation's Board of Directors;

(F) Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) as a result of a decrease in the Conversion Price of any series of Senior Preferred Stock resulting from the operation of Section 4(d);

(G) Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) to persons or entities with which this corporation has business relationships, provided such issuances are for other than primarily equity financing purposes and have been approved by this corporation's Board of Directors;

(H) Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) pursuant to any equipment leasing arrangement or debt financing from a bank or similar institution approved by this corporation's Board of Directors, provided such financing is primarily for non-equity purposes; or

(I) Common Stock that is issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) with the approval of (i) holders of a majority of then outstanding shares of Series B Preferred Stock, (ii) to the extent such issuance or deemed issuance would otherwise result in an adjustment to the Conversion Price of the Series E Preferred Stock pursuant to subsection 4(d) assuming such shares of Common Stock did constitute Additional Stock, the prior written consent or vote of holders of a majority of the then outstanding shares of Series E Preferred Stock specifically stating that such issuance or deemed issuance shall not be Additional Stock, and (iii) the Board of Directors of this corporation, including a majority of the Preferred Directors, and the Board specifically states that it shall not be Additional Stock.

(iii) In the event this corporation should at any time or from time to time after the Filing Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series of Preferred Stock shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents with the number of shares issuable with respect to Common Stock Equivalents determined from time to time in the manner provided for deemed issuances in subsection 4(d)(i)(E); provided, however, that if such record date is fixed and such dividend is not paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price for such series of Preferred Stock will be re-computed accordingly as of the close of business on such record date and thereafter each such Conversion Price will be adjusted pursuant to this Section 4(d)(iii) to reflect the actual payment of such dividend or distribution.

(iv) If the number of shares of Common Stock outstanding at any time after the Filing Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price for the Preferred Stock shall be appropriately increased so that the number of shares of

Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(e) Other Distributions. In the event this corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 4(d)(iii), then, in each such case for the purpose of this subsection 4(e), the holders of the Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of this corporation into which their shares of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of this corporation entitled to receive such distribution.

(f) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 4 or in Section 2) provision shall be made so that the holders of the Preferred Stock shall thereafter be entitled to receive upon conversion of the Preferred Stock the number of shares of stock or other securities or property of this corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Preferred Stock after the recapitalization to the end that the provisions of this Section 4 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Preferred Stock) shall be applicable after that event as nearly equivalently as may be practicable.

(g) No Fractional Shares and Certificate as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Preferred Stock and the aggregate number of shares of Common Stock to be issued to particular stockholders, shall be rounded down to the nearest whole share and the corporation shall pay in cash the fair market value of any fractional shares as of the time when entitlement to receive such fractions is determined. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Preferred Stock pursuant to this Section 4, this corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price for such series of Preferred Stock at the time in effect, and (C) the number of shares of Common

Stock and the amount, if any, of other property that at the time would be received upon the conversion of a share of Preferred Stock.

(h) Notices of Record Date. In the event of any taking by this corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, this corporation shall mail to each holder of Preferred Stock, at least ten (10) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution, and the amount and character of such dividend or distribution. The notice provisions set forth in this section may be shortened or waived prospectively or retrospectively by the consent or vote of (i) the holders of a majority of the Senior Preferred Stock, voting as a single class and on an as-converted basis, and (ii) the holders of a majority of the Series E Preferred Stock, voting as a separate series.

(i) Reservation of Stock Issuable Upon Conversion. This corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, in addition to such other remedies as shall be available to the holder of such Preferred Stock, this corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Restated Certificate of Incorporation.

(j) Notices. Any notice required by the provisions of this Section 4 to be given to the holders of shares of Preferred Stock shall be deemed given if deposited in the United States or international mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of this corporation.

(k) Waiver of Adjustment to Conversion Price. Notwithstanding anything herein to the contrary, any downward adjustment of the Conversion Price of any series of Senior Preferred Stock may be waived, either prospectively or retroactively and either generally or in a particular instance, by the consent or vote of the holders of a majority of the outstanding shares of Senior Preferred Stock; provided, however, (i) that the consent or vote of the holders of a majority of the outstanding shares of Series B Preferred Stock shall be required for any waiver of the rights of the holders of Series B Preferred Stock pursuant to Section 4(d); (ii) that the consent or vote of the holders of a majority of the outstanding shares of Series C Preferred Stock shall be required for any waiver of the rights of the holders of Series C Preferred Stock pursuant to Section 4(d); (iii) that the consent or vote of the holders of at least sixty-seven percent (67%) of the outstanding shares of Series D Preferred Stock shall be required for any waiver of the rights of the holders of Series D Preferred Stock pursuant to Section 4(d); and (iv) that the prior written consent or vote of the holders of a majority of the outstanding shares of Series E Preferred Stock (voting as a separate series) shall be required for any waiver

of the rights of the holders of Series E Preferred Stock pursuant to Section 4(d). Any such waiver shall bind all future holders of shares of such series of Preferred Stock.

5. Voting Rights.

(a) General Voting Rights. Except as otherwise expressly provided herein or as required by law, the holders of Preferred Stock and the holders of Common Stock shall vote together and not as separate classes. The holder of each share of Preferred Stock shall have the right to one vote for each share of Common Stock into which such Preferred Stock could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Bylaws of this corporation, and except as provided by law or in subsection 5(b) below with respect to the election of directors by the separate class vote of the holders of Common Stock, shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

(b) Voting for the Election of Directors. As long as a majority of the shares of Series A Preferred Stock originally issued remain outstanding, the holders of such shares of Series A Preferred Stock, voting as a separate series, shall be entitled to elect one (1) director of this corporation at any election of directors (the "Series A Director"). As long as a majority of the shares of Series B Preferred Stock originally issued remain outstanding, the holders of such shares of Series B Preferred Stock, voting as a separate series, shall be entitled to elect one (1) director of this corporation at any election of directors (the "Series B Director"). As long as at least 2,000,000 shares of Series D Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock) remain outstanding, the holders of such shares of Series D Preferred Stock, voting as a separate series, shall be entitled to elect one (1) director of this corporation at any election of directors (the "Series D Director" and, together with the Series A Director and the Series B Director, the "Preferred Directors"). The holders of outstanding Common Stock, voting as a separate class, shall be entitled to elect two (2) directors of this corporation at any election of directors. The holders of Preferred Stock and Common Stock (voting together as a single class and not as separate series, and on an as-converted basis) shall be entitled to elect any remaining directors of this corporation.

Notwithstanding the provisions of Section 223(a)(1) and 223(a)(2) of the General Corporation Law, any vacancy, including newly created directorships resulting from any increase in the authorized number of directors or amendment of this Restated Certificate of Incorporation, and vacancies created by removal or resignation of a director, may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced; provided, however, that where such vacancy occurs among the directors elected by the holders of a class or series of

stock, the holders of shares of such class or series may override the Board of Directors' action to fill such vacancy by (i) voting for their own designee to fill such vacancy at a meeting of this corporation's stockholders or (ii) written consent, if the consenting stockholders hold a sufficient number of shares to elect their designee at a meeting of the stockholders. Any director may be removed during his or her term of office, either with or without cause, by, and only by, the affirmative vote of the holders of the shares of the class or series of stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders, and any vacancy thereby created may be filled by a vote of the holders of a majority of the then outstanding shares of that class or series of stock represented at the meeting or pursuant to written consent.

6. Protective Provisions.

(a) So long as a majority of the Senior Preferred Stock originally issued remains outstanding, this corporation shall not (by amendment, merger, consolidation or otherwise) without first obtaining the approval (by vote or written consent, as provided by law) of the holders of a majority of the then outstanding shares of Senior Preferred Stock, voting together as a single class and on an as-converted basis, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) consummate a Liquidation Event;

(ii) amend, alter or repeal any provision of this corporation's Restated Certificate of Incorporation or Bylaws so as to alter or change the powers, preferences or special rights of the shares of Preferred Stock so as to affect them adversely;

(iii) increase or decrease (other than by conversion) the total number of authorized shares of Preferred Stock or Common Stock;

(iv) authorize or issue, or obligate itself to issue, any equity security (including any other security convertible into or exercisable for any such equity security) having a preference over, or being on a parity with, the Preferred Stock with respect to dividends, liquidation or redemption, other than the issuance of any authorized but unissued shares of Preferred Stock designated in this Restated Certificate of Incorporation (including any security convertible into or exercisable for such shares of Preferred Stock);

(v) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any share or shares of Preferred Stock or Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from employees, officers, directors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment or service, at the lower of fair market value or the original purchase price thereof;

(vi) declare or pay any dividends on or declare or make any other distribution on account of any shares of Preferred Stock or Common Stock; or

(vii) change the authorized number of directors of this corporation.

(b) So long as a majority of the Series B Preferred Stock originally issued remains outstanding, this corporation shall not (by amendment, merger, consolidation or otherwise) without first obtaining the approval (by vote or written consent, as provided by law) of the holders of a majority of the then outstanding shares of Series B Preferred Stock:

(i) Adversely alter or change the powers, preferences or special rights of the shares of Series B Preferred Stock as set forth in Section 2 and in Section 4(d)(i) of this Article IV (it being understood that the authorization and issuance of a security senior or pari passu to the entire class of Preferred Stock shall be deemed not to have an adverse alteration or change with respect to the shares of Series B Preferred Stock); or

(ii) increase or decrease (other than by conversion) the total number of authorized shares of Series B Preferred Stock.

(c) So long as a majority of the Series C Preferred Stock originally issued remains outstanding, this corporation shall not (by amendment, merger, consolidation or otherwise) without first obtaining the approval (by vote or written consent, as provided by law) of the holders of a majority of the then outstanding shares of Series C Preferred Stock:

(i) Adversely alter or change the powers, preferences or special rights of the shares of Series C Preferred Stock as set forth in Section 2 and in Section 4(d)(i) of this Article IV (it being understood that the authorization and issuance of a security senior or pari passu to the entire class of Preferred Stock shall be deemed not to have an adverse alteration or change with respect to the shares of Series C Preferred Stock); or

(ii) increase or decrease (other than by conversion) the total number of authorized shares of Series C Preferred Stock.

(d) So long as 2,000,000 shares of Series D Preferred Stock remain outstanding (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock), this corporation shall not (by amendment, merger, consolidation or otherwise) without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least sixty-seven percent (67%) of the then outstanding shares of Series D Preferred Stock:

(i) Adversely alter or change the powers, preferences or special rights of the shares of Series D Preferred Stock as set forth in Section 2 and in Section 4(d)(i) of this Article IV (it being understood that the authorization and issuance of a security senior or pari passu to the entire class of Preferred Stock shall be deemed not to have an adverse alteration or change with respect to the shares of Series D Preferred Stock); or

(ii) increase or decrease (other than by conversion) the total number of authorized shares of Series D Preferred Stock.

(e) So long as at least 1,875,000 shares of Series E Preferred Stock remain outstanding (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock), this corporation shall not (by amendment, merger, consolidation or otherwise) without first obtaining the approval (by vote or written consent, as provided by law) of the holders of a majority of the then outstanding shares of Series E Preferred Stock, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) Adversely alter or change the powers, preferences or special rights of the shares of Series E Preferred Stock as set forth in this Restated Certificate of Incorporation and this corporation's bylaws (it being understood that the authorization and issuance of a security senior or pari passu to the entire class of Preferred Stock shall be deemed not to have an adverse alteration or change with respect to the shares of Series E Preferred Stock);

(ii) redeem, purchase, declare dividends on, or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any share or shares of Preferred Stock or Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from employees, officers, directors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment or service, at the lower of fair market value or the original purchase price thereof; or

(iii) increase or decrease (other than by conversion) the total number of authorized shares of Series E Preferred Stock.

7. Status of Converted Stock. In the event any shares of Preferred Stock shall be converted pursuant to Section 4, the shares so converted shall be cancelled and shall not be issuable by this corporation. The Restated Certificate of Incorporation of this corporation shall be appropriately amended to effect the corresponding reduction in this corporation's authorized capital stock.

C. Common Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Common Stock are as set forth below in this Article IV(C).

1. Dividend Rights. Subject to Section 1 of Article IV(B) hereof, the holders of the Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of this corporation legally available therefor, any dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights. The holders of the Common Stock shall be entitled to receive Proceeds of a Liquidation Event as provided in Section 2 of Article IV(B) hereof.

3. Redemption. The Common Stock is not redeemable at the option of the holder.

4. Voting Rights. The holder of each share of Common Stock shall have the right to one vote for each such share, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of this corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law. Subject to Article IV(B)(6), the number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of this corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

ARTICLE V

Except as otherwise provided in this Restated Certificate of Incorporation, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of this corporation.

ARTICLE VI

The number of directors of this corporation shall be determined in the manner set forth in the Bylaws of this corporation.

ARTICLE VII

Elections of directors need not be by written ballot unless the Bylaws of this corporation shall so provide.

ARTICLE VIII

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of this corporation may provide. The books of this corporation may be kept (subject to any provision contained in the statutes) 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 Bylaws of this corporation.

ARTICLE IX

To the fullest extent permitted by applicable law, as the same exists or as may hereafter be amended from time to time, a director of this corporation shall not be personally liable to this corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to this corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. If the General Corporation Law is amended after approval by the stockholders of this Article IX to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of this corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article IX by the stockholders of this corporation shall not adversely affect any right or protection of a director of this corporation existing at the time of, or increase the liability of any director of this corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

ARTICLE X

This corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE XI

To the fullest extent permitted by applicable law, as the same exists or as may hereafter be amended from time to time, this corporation is authorized to provide indemnification of (and advancement of expenses to) agents of this corporation (and any other persons to which General Corporation Law permits this corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law, subject only to limits created by applicable General Corporation Law (statutory or non-statutory), with respect to actions for breach of duty to this corporation, its stockholders, and others.

Any amendment, repeal or modification of the foregoing provisions of this Article XI shall not adversely affect any right or protection of a director, officer, agent, or other person existing at the time of, or increase the liability of any director of this corporation with respect to any acts or omissions of such director, officer or agent occurring prior to, such amendment, repeal or modification.

ARTICLE XII

This corporation renounces, to the fullest extent permitted by law, any interest or expectancy of this corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "Excluded Opportunity" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of this corporation who is not an employee of this corporation or any of its subsidiaries, or (ii) any holder of Senior Preferred Stock or any partner, member, director, stockholder, employee or agent of

any such holder, other than someone who is an employee of this corporation or any of its subsidiaries (collectively, "Covered Persons"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of this corporation.

* * *

THIRD: The foregoing amendment and restatement was approved by the holders of the requisite number of shares of said corporation in accordance with Section 228 of the General Corporation Law.

FOURTH: That said Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this corporation's Amended and Restated Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 24th day of April, 2015.

/s/ Jeff Lawson
Jeff Lawson, President and CEO

CERTIFICATE OF AMENDMENT
OF THE
RESTATED CERTIFICATE OF INCORPORATION
OF
TWILIO INC.

Pursuant to Section 242
of the General Corporation Law of
the State of Delaware

Twilio Inc. (hereinafter called the "Company"), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

By unanimous written consent of the Board of Directors of the Company a resolution was duly adopted, pursuant to Section 242 of the General Corporation Law of the State of Delaware, setting forth an amendment to the Restated Certificate of Incorporation of the Company and declaring said amendment to be advisable. The stockholders of the Company duly approved said proposed amendment by written consent in accordance with Sections 228 and 242 of the General Corporation Law of the State of Delaware. The resolution setting forth the amendment is as follows:

RESOLVED: That Article IV(A) of the Restated Certificate of Incorporation of the Company be and hereby is deleted in its entirety and the following Article IV(A) is inserted in lieu thereof:

A. Authorization of Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, common stock and preferred stock. The total number of shares that this corporation is authorized to issue is 158,092,566. The total number of shares of common stock authorized to be issued is 100,000,000, par value $0.001 per share (the "Common Stock"). The total number of shares of preferred stock authorized to be issued is 58,092,566, par value $0.001 per share (the "Preferred Stock"), 13,173,240 of which are designated as "Series A Preferred Stock," 11,416,062 of which are designated as "Series B Preferred Stock," 8,452,864 of which are designated as "Series C Preferred Stock," 9,440,324 of which are designated as "Series D Preferred Stock," 10,610,076 of which are designated as "Series E Preferred Stock" and 5,000,000 of which are designated as "Series T Preferred Stock".

IN WITNESS WHEREOF, the Company has caused this Certificate of Amendment to be executed by its President this 13th day of May, 2015.

TWILIO INC.

By: /s/ Jeff Lawson
Name: Jeff Lawson
Title: President

CERTIFICATE OF AMENDMENT
OF THE
RESTATED CERTIFICATE OF INCORPORATION
OF
TWILIO INC.

Pursuant to Section 242
of the General Corporation Law of
the State of Delaware

Twilio Inc. (hereinafter called the "Company"), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

By unanimous written consent of the Board of Directors of the Company a resolution was duly adopted, pursuant to Section 242 of the General Corporation Law of the State of Delaware, setting forth an amendment to the Restated Certificate of Incorporation of the Company and declaring said amendment to be advisable. The stockholders of the Company duly approved said proposed amendment by written consent in accordance with Sections 228 and 242 of the General Corporation Law of the State of Delaware. The resolution setting forth the amendment is as follows:

RESOLVED: That Article IV(A) of the Restated Certificate of Incorporation of the Company be and hereby is deleted in its entirety and the following Article IV(A) is inserted in lieu thereof:

A. Authorization of Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, common stock and preferred stock. The total number of shares that this corporation is authorized to issue is 160,976,739. The total number of shares of common stock authorized to be issued is 102,000,000, par value $0.001 per share (the "Common Stock"). The total number of shares of preferred stock authorized to be issued is 58,976,739, par value $0.001 per share (the "Preferred Stock"), 13,173,240 of which are designated as "Series A Preferred Stock," 11,416,062 of which are designated as "Series B Preferred Stock," 8,452,864 of which are designated as "Series C Preferred Stock," 9,440,324 of which are designated as "Series D Preferred Stock," 11,494,249 of which are designated as "Series E Preferred Stock" and 5,000,000 of which are designated as "Series T Preferred Stock".

IN WITNESS WHEREOF, the Company has caused this Certificate of Amendment to be executed by its President this 10th day of July, 2015.

TWILIO INC.

By: /s/ Jeff Lawson
Name: Jeff Lawson
Title: President

AMENDED AND RESTATED

BYLAWS OF

TWILIO INC.

(A DELAWARE CORPORATION)

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AMENDED AND RESTATED BYLAWS OF TWILIO INC.

ARTICLE I
CORPORATE OFFICES

1.1 REGISTERED OFFICE. The registered office of TWILIO INC. shall be fixed in the corporation's certificate of incorporation, as the same may be amended from time to time.

1.2 OTHER OFFICES. The corporation's Board of directors (the "**Board**") may at any time establish other offices at any place or places where the corporation is qualified to do business.

ARTICLE II
MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS. Meetings of stockholders shall be held at any place, within or outside of the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211 (a)(2) of the Delaware General Corporation Law (the "**DGCL**"). In the absence of any such Designation or determination, stockholders' meetings shall be held at the corporation's principal executive office.

2.2 ANNUAL MEETING. The annual meeting of stockholders shall be held each year. The Board shall designate the date and time of the annual meeting. In the absence of such designation the annual meeting of stockholders shall be held on the second Tuesday of March of each year at 10:00am. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding business day. At the annual meeting, directors shall be elected and any other proper business may be transacted.

2.3 SPECIAL MEETING.

A special meeting of the stockholders may be called at any time by the Board, chairperson of the Board, chief executive officer or president (in the absence of a chief executive officer) or by one or more stockholders holding shares in the aggregate entitled to cast not less than 10% of the votes at that meeting.

If any person(s) other than the Board call a special meeting, the request shall:

(i) be in writing;

(ii) specify the time of such meeting and the general nature of the business proposed to be transacted; and

(iii) be delivered personally or sent by registered mail or by facsimile transmission to the chairperson of the Board, the chief executive officer, the president (in the absence of a chief executive officer) or the secretary of the corporation.

The officer receiving the request shall cause notice to be promptly given to the stockholders entitled to vote at such meeting, in accordance with the provisions of Sections 2.4 and 2.5 of these bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting. No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

2.4 NOTICE OF STOCKHOLDERS' MEETINGS. All notices of meetings of stockholders shall be sent or otherwise given in accordance with either Section 2.5 or Section 8.1 of these bylaws not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, 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 a special meeting, the purpose or purposes for which the meeting is called.

2.5 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE.

Notice of any meeting of stockholders shall be given:

(i) if mailed, when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the corporation's records; or

(ii) if electronically transmitted as provided in Section 8.1 of these bylaws.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

2.6 QUORUM. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.7 ADJOURNED MEETING; NOTICE. When a meeting is adjourned to another time or place, unless these bylaws otherwise require, 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

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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.

2.8 CONDUCT OF BUSINESS. The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business.

2.9 VOTING.

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation or these bylaws, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Unless otherwise provided in the certificate of incorporation, any action required by the DGCL to be taken at any annual or special meeting of stockholders of a 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, 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.

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 and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the corporation as provided in Section 228 of the DGCL. In the event that the action which is consented to is such as would have required the filing of a certificate under any provision of the DGCL, if such action had been voted on by stockholders at a meeting thereof, the certificate filed under such provision shall state, in lieu of any statement required by such provision concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

2.11 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS.

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, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which record date shall not precede the date

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on which the resolution fixing the record date is adopted and which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action.

If the Board does not so fix a record date:

(i) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next 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.

(ii) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board is necessary, shall be the day on which the first written consent is expressed,

(iii) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

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 may fix a new record date for the adjourned meeting.

2.12 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 authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. 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, or (ii) during ordinary business hours, at the corporation's principal executive office. 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. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE III
DIRECTORS

3.1 POWERS. Subject to the provisions of the DGCL and any limitations in the certificate of incorporation or these bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

3.2 NUMBER OF DIRECTORS. The authorized number of directors shall be determined from time to time by resolution of the Board, provided the Board shall consist of at least one member. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS.

Except as provided in Section 3.4 of these bylaws, directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors. Each director, including a director elected to fill a vacancy, shall hold office until such director's successor is elected and qualified or until such director's earlier resignation or removal.

All elections of directors shall be by written ballot, unless otherwise provided in the certificate of incorporation; if authorized by the Board of directors, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must be either set forth or be submitted with information from which it can be determined that the electronic transmission authorized by the stockholder or proxy holder.

3.4 RESIGNATION AND VACANCIES.

Any director may resign at any time upon notice given in writing or by electronic transmission to the corporation. When one or more directors so resigns and the resignation is effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

Unless otherwise provided in the certificate of incorporation or these bylaws:

(i) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(ii) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), then the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the DGCL as far as applicable.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any 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 such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

3.7 SPECIAL MEETINGS; NOTICE.

Special meetings of the Board for any purpose or purposes may be called at any time by the chairperson of the Board, the chief executive officer, the president, the secretary or any two directors.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile; or

(iii) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the corporation's principal executive office) nor the purpose of the meeting.

3.8 QUORUM.

At all meetings of the Board, a majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, 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.

3.10 FEES AND COMPENSATION OF DIRECTORS. Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation of directors.

3.11 APPROVAL OF LOANS TO OFFICERS. 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 shall approve, including, without limitation, a pledge of shares of stock of the corporation.

3.12 REMOVAL OF DIRECTORS.

Unless otherwise restricted by statute, the certificate of incorporation or these bylaws, any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE IV
COMMITTEES

4.1 COMMITTEES OF DIRECTORS. The Board may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board 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. In the absence or disqualification of a member of a committee, 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 to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the corporation,

4.2 COMMITTEE MINUTES. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

4.3 MEETINGS AND ACTION OF COMMITTEES.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.5 (place of meetings and meetings by telephone);

(ii) Section 3.6 (regular meetings);

(iii) Section 3.7 (special meetings and notice);

(iv) Section 3.8 (quorum);

(v) Section 3.9 (action without a meeting)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. However:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE V
OFFICERS

5.1 OFFICERS. The officers of the corporation shall be a president and a secretary. The corporation may also have, at the discretion of the Board, a chairperson of the Board, a vice chairperson of the Board, a chief executive officer, a chief financial officer or treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS. The Board shall appoint the officers of the corporation, except such officers as may be appointed in accordance with the provisions of Sections 5.3 and 5.5 of these bylaws, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS. The Board may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers and agents as the business of the corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these

bylaws or as the Board may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES. Any vacancy occurring in any office of the corporation shall be filled by the Board or as provided in Section 5.3.

5.6 CHAIRPERSON OF THE BOARD. The chairperson of the Board, if such an officer be elected, shall, if present, preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or as may be prescribed by these bylaws. If there is no chief executive officer or president, then the chairperson of the Board shall also be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 5.7 of these bylaws.

5.7 CHIEF EXECUTIVE OFFICER. Subject to such supervisory powers, if any, as the Board may give to the chairperson of the Board, the chief executive officer, if any, shall, subject to the control of the Board, have general supervision, direction, and control of the business and affairs of the corporation and shall report directly to the Board. All other officers, officials, employees and agents shall report directly or indirectly to the chief executive officer. The chief executive officer shall see that all orders and resolutions of the Board are carried into effect. The chief executive officer shall serve as chairperson of and preside at all meetings of the stockholders. In the absence of a chairperson of the Board, the chief executive officer shall preside at all meetings of the Board.

5.8 PRESIDENT. In the absence or disability of the chief executive officer, the president shall perform all the duties of the chief executive officer. When acting as the chief executive officer, the president shall have all the powers of, and be subject to all the restrictions upon, the chief executive officer. The president shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board, these bylaws, the chief executive officer or the chairperson of the Board.

5.9 VICE PRESIDENTS. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the Board or, if not ranked, a vice president designated by the Board, shall perform all the duties of the president. When acting as the president, the appropriate vice president shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board, these bylaws, the chairperson of the Board, the chief executive officer or, in the absence of a chief executive officer, the president.

5.10 SECRETARY.

The secretary shall keep or cause to be kept, at the principal executive office of the corporation or such other place as the Board may direct, a book of minutes of all meetings and actions of directors, committees of directors, and stockholders. The minutes shall show

(i) the time and place of each meeting;

(ii) whether regular or special (and, if special, how authorized and the notice given);

(iii) the names of those present at directors' meetings or committee meetings;

(iv) the number of shares present or represented at stockholders' meetings;

(v) and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation or at the office of the corporation's transfer agent or registrar, as determined by resolution of the Board, a share register, or a duplicate share register showing;

(i) the names of all stockholders and their addresses;

(ii) the number and classes of shares held by each;

(iii) the number and date of certificates evidencing such shares; and

(iv) the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board required to be given by law or by these bylaws. The secretary shall keep the seal of the corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or by these bylaws.

5.11 CHIEF FINANCIAL OFFICER.

The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositories as the Board may designate. The chief financial officer shall disburse the funds of the corporation as may be ordered by the Board, shall render to the chief executive officer or, in the absence of a chief executive officer, the president and directors, whenever they request it, an account of all his transactions as chief financial officer and of the financial condition of the corporation, and shall have other powers and perform such other duties as may be prescribed by the Board or these bylaws.

The chief financial officer shall be the treasurer of the corporation.

5.12 ASSISTANT SECRETARY. The assistant secretary, or, if there is more than one, the assistant secretaries in the order determined by the stockholders or Board (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of the secretary's inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as may be prescribed by the Board or these bylaws.

5.13 ASSISTANT TREASURER. The assistant treasurer, or, if there is more than one, the assistant treasurers, in the order determined by the stockholders or Board (or if there be no such determination, then in the order of their election), shall, in the absence of the chief financial officer or in the event of the chief financial officer's inability or refusal to act, perform the duties and exercise the powers of the chief financial officer and shall perform such other duties and have such other powers as may be prescribed by the Board or these bylaws.

5.14 REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The chairperson of the Board, the president, any vice president, the treasurer, the secretary or assistant secretary of this corporation, or any other person authorized by the Board or the president or a vice president, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.15 AUTHORITY AND DUTIES OF OFFICERS. In addition to the foregoing authority and duties, all officers of the corporation shall respectively have such authority and perform such duties in the management of the business of the corporation as may be designated from time to time by the Board or the stockholders.

ARTICLE VI
RECORDS AND REPORTS

6.1 MAINTENANCE AND INSPECTION OF RECORDS.

The corporation shall, either at its principal executive office or at such place or places as designated by the Board, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these bylaws as amended to date, accounting books, and other 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 a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent is the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing that authorizes the attorney or other agent so to act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in Delaware or at its principal executive office.

6.2 INSPECTION BY DIRECTORS. Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders, and its other books and records for a purpose reasonably related to his or her position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The Court may summarily order the corporation to permit the director to inspect any and all books and records, the stock ledger, and the stock list and to make copies or extracts

therefrom. The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the Court may deem just and proper.

ARTICLE VII
GENERAL MATTERS

7.1 CHECKS. From time to time, the Board shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the corporation, and only the persons so authorized shall sign or endorse those instruments.

7.2 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS. The Board, except as otherwise provided in these bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

7.3 STOCK CERTIFICATES; PARTLY PAID SHARES.

The shares of the corporation shall be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Notwithstanding the adoption of such a resolution by the Board, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the corporation by the chairperson or vice-chairperson of the Board, or the president or vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of such corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

The corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

7.4 SPECIAL DESIGNATION ON CERTIFICATES. If the corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the corporation shall issue to represent such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

7.5 LOST CERTIFICATES. Except as provided in this Section 7.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation and cancelled at the same time. The corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.6 CONSTRUCTION; DEFINITIONS. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

7.7 DIVIDENDS.

The Board, subject to any restrictions contained in either (i) the DGCL, or (ii) the certificate of incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock.

The Board may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the corporation, and meeting contingencies.

7.8 FISCAL YEAR. The fiscal year of the corporation shall be fixed by resolution of the Board and may be changed by the Board.

7.9 SEAL. The corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.10 TRANSFER OF STOCK. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction in its books.

7.11 STOCK TRANSFER AGREEMENTS. The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

7.12 REGISTERED STOCKHOLDERS.

The corporation:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(ii) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(iii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

7.13 WAIVER OF NOTICE. Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting 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. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII
NOTICE BY ELECTRONIC TRANSMISSION

8.1 NOTICE BY ELECTRONIC TRANSMISSION.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the corporation under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be

revocable by the stockholder by written notice to the corporation. Any such consent shall be deemed revoked if:

(i) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent; and

(ii) such inability becomes known to the secretary or an assistant secretary of the corporation or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(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.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

8.2 DEFINITION OF ELECTRONIC TRANSMISSION. An "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

8.3 INAPPLICABILITY. Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

ARTICLE IX
AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote. However, that the corporation may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

ARTICLE X
STOCK TRANSFERS

10.1 STOCK TRANSFER AGREEMENTS. The corporation shall have the power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

10.2 RESTRICTION ON TRANSFER.

(i) *Restriction on Transfer*. No stockholder of the corporation (a "Stockholder") may sell, assign, transfer, pledge, encumber or in any manner dispose of ("Transfer") any share of stock of the corporation (a "Share"), whether voluntarily or by operation of law, or by gift or otherwise, other than by means of a Permitted Transfer (as defined below). If any provision(s) of any agreement(s) currently in effect by and between the corporation and any Stockholder (the "Stockholder Agreement(s)") conflicts with this Section 10.2 of the Bylaws, this Section 10.2 shall govern, and the remaining provision(s) of the Stockholder Agreement(s) that do not conflict with this Section 10.2 shall continue in full force and effect.

(ii) *Permitted Transfers.* For purposes of this Section 10.2, a "Permitted Transfer" shall mean any of the following:

(i) any Transfer by a Stockholder of any or all of such Stockholder's Shares to the corporation;

(ii) any Transfer by a Stockholder of any or all of such Stockholder's Shares to such Stockholder's Immediate Family (as defined below) or a trust for the benefit of such Stockholder or such Stockholder's Immediate Family;

(iii) any Transfer by a Stockholder of any or all of such Stockholder's Shares effected pursuant to such Stockholder's will or the laws of intestate succession;

(iv) if a Stockholder is a partnership, limited liability company, or corporation, any Transfer by such Stockholder of any or all of such Stockholder's Shares to the partners, members, retired partners, retired members, stockholders, and/or Affiliates (as defined below) of such Stockholder; provided that no Stockholder may Transfer any of such Stockholder's Shares to a Special Purpose Entity (as defined below) pursuant to this subsection (iv);

(v) any Transfer by a Stockholder and its Affiliates of at least two hundred fifty thousand (250,000) shares of the corporation's preferred stock (appropriately adjusted for any stock split, dividend, combination or other recapitalization of the corporation's preferred stock effected after December 7th, 2011) in one transaction or a series of related transactions to a single transferee and

its Affiliates which (A) is made pursuant to a form of stock transfer agreement approved by the Board of Directors, (B) is not made on a Private Market Exchange (as defined below), (C) is not made to a Competitor (as defined below) and (D) is not made to a Special Purpose Entity;

(vi) any Transfer by a Stockholder that is advised or sub-advised with respect to its holdings of the corporation by (i) Fidelity Management & Research Company or one of its Affiliates or (ii) T. Rowe Price Associates, Inc. or one of its Affiliates (x) to any other entity managed by a registered investment advisor or (y) pursuant to a merger or reorganization of a U.S. registered mutual fund;

(vii) any Transfer by a Stockholder to an existing Stockholder; and/or

(viii) any Transfer of Shares approved by the Board of Directors.

Notwithstanding the foregoing, if a Permitted Transfer is approved pursuant to subsection (vi) of this Section 10.2(b) and the Shares of the transferring party are subject to co-sale rights pursuant to a Stockholder Agreement (the "Co-Sale Rights"), the persons and/or entities entitled to the Co-Sale Rights shall be permitted to exercise their respective Co-Sale Rights in conjunction with that specific Permitted Transfer without any additional approval of the Board of Directors.

(iii) *Certain Definitions*. For purposes of this Section 10.2:

(i) "Affiliate" shall mean any person or entity who or which, directly or indirectly, controls, is controlled by, or is under common control with the relevant Stockholder, including, without limitation, any general partner, managing partner, officer or director of such Stockholder or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Stockholder. Notwithstanding the foregoing, for purposes of this Agreement an "Affiliate" of any Stockholder shall be deemed to include any Affiliated Fund (as such term is defined in the corporation's Amended and Restated Investors' Rights Agreement, dated as of April 24, 2015).

(ii) "Competitor" shall mean any person or entity engaged or planning to engage in activities competitive, either directly or indirectly, with the then current and proposed products and services of the corporation, or any affiliate of such person or entity, as determined in good faith by the Board of Directors.

(iii) "Immediate Family" shall mean any child, stepchild, grandchild or other lineal descendant, any parent, stepparent, grandparent or other ancestor, any spouse, former spouse, sibling, niece, nephew, uncle, aunt, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, or any Spousal Equivalent.

(iv) "Private Market Exchange" shall mean any private marketplace or securities exchange, including, without limitation, SecondMarket or SharesPost, the activities of which have not been ruled, and which has not been endorsed, as compliant with applicable securities law by a court of competent jurisdiction or appropriate regulatory authority to the corporation's reasonable satisfaction.

(v) "Special Purpose Entity" shall mean an entity that holds or would hold only Shares or has or would have a class or series of security holders with beneficial interests primarily in Shares (including for such purpose an entity that holds cash and/or cash equivalents

intended to purchase Shares); provided that no entity holding Shares as of December 7th, 2011 shall be deemed a Special Purpose Entity.

(vi) "Spousal Equivalent" shall mean an individual who: (A) is in an exclusive, continuous, committed relationship with the relevant Stockholder, has been in that relationship for the twelve (12) months prior to the relevant date and intends to be in that relationship indefinitely; (B) has no such relationship with any other person and is not married to any other person; (C) shares a principal residence with the relevant Stockholder; (D) is at least 18 years of age and legally and mentally competent to consent to contract; (E) is not related by blood to the relevant stockholder to a degree of kinship that would prevent marriage from being recognized under the law of the state in which the individual and the relevant Stockholder reside; and (F) is jointly responsible with the relevant Stockholder for each other's common welfare and financial obligations; provided that any Stockholder who wishes to Transfer stock to a Spousal Equivalent under Section 10.2(b)(ii) above must provide proof of (i) a joint mortgage, (ii) a joint lease or (iii) a joint bank account, in each case held by both the Stockholder and their Spousal Equivalent.

(iv) *Void Transfers*. Any Transfer of Shares shall be null and void unless the terms, conditions and provisions of this Section 10.2 are strictly observed and followed.

(v) *Termination of Restriction on Transfer*. The foregoing restriction on transfer shall lapse upon the earlier of (i) immediately prior to the consummation of a Liquidation Event (as such term is defined in the certificate of incorporation, as it may be amended and/or restated from time to time), or (ii) immediately prior to the corporation's first firm commitment underwritten public offering of its securities pursuant to a registration statement under the Securities Act of 1933, as amended.

(vi) *Legends*. The certificates representing shares of stock of the corporation shall bear on their face the following legend so long as the foregoing restriction on transfer remains in effect:

"THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE BYLAWS OF THE CORPORATION. COPIES OF THE BYLAWS OF THE CORPORATION MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION."

CERTIFICATE OF SECRETARY OF

TWILIO INC.

The undersigned, Karyn Smith, hereby certifies that she is the duly elected and acting Secretary of Twilio Inc., a Delaware corporation (the "Corporation"), and that the Amended and Restated Bylaws attached hereto (a) amend and restate in their entirety the Bylaws of the Corporation and (b) constitute the Amended and Restated Bylaws of said Corporation as duly adopted by the Board of Directors on April 22, 2015.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed her name this 24th day of April, 2015.

/s/ Karyn Smith
Karyn Smith, Secretary

Exhibit 4.2

Execution Copy

TWILIO INC.

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

APRIL 24, 2015

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AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (the "Agreement") is made as of April 24, 2015, by and among Twilio Inc., a Delaware corporation (the "Company"), the investors listed on Schedule A hereto, each of which is herein referred to as an "Investor," and the founders listed on Schedule B hereto, each of which is herein referred to as a "Founder."

RECITALS

WHEREAS, certain of the Investors (the "Existing Investors") hold shares of the Company's Series A Preferred Stock (the "Series A Preferred Stock"), Series B Preferred Stock (the "Series B Preferred Stock"), Series C Preferred Stock (the "Series C Preferred Stock"), Series D Preferred Stock (the "Series D Preferred Stock") and/or shares of Common Stock issued upon conversion thereof and possess registration rights, information rights, rights of first offer and other rights pursuant to an Amended and Restated Investors' Rights Agreement dated as of May 16, 2013 by and among the Company, the Founders and such Existing Investors (the "Prior Agreement") and desire to amend and restate the Prior Agreement and to accept the rights created pursuant hereto in lieu of the rights created under the Prior Agreement; and

WHEREAS, certain Investors are parties to the Series E Preferred Stock Purchase Agreement of even date herewith by and among the Company and certain of the Investors (the "Series E Agreement"), which provides that as a condition to the closing of the sale of the Series E Preferred Stock (the "Series E Preferred Stock" and collectively with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, the "Preferred Stock"), this Agreement must be executed and delivered by such Investors, Existing Investors holding a majority of the outstanding Registrable Securities (as such term is defined in the Prior Agreement) of the Company and the Company.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Agreement:

(a) The term "Act" means the Securities Act of 1933, as amended.

(b) The term "Affiliate" means, with respect to any specified person, any other person who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified person, including, without limitation, any general partner, officer, director or manager of such person and any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or is under common investment management with, such person. Notwithstanding the foregoing, for purposes of this Agreement an "Affiliate" of any Holder shall be deemed to include any Affiliated Fund of such Holder.

(c) The term "Affiliated Fund" means with respect to a (x) limited liability company or a limited liability partnership, a fund or entity managed by the same manager or general partner or management company, (y) an investment company registered under the Investment Company Act of 1940, as amended, advised by Fidelity or any affiliated investment advisor of Fidelity, one or more mutual fund, pension fund, pooled investment vehicle or institutional client advised by Fidelity or affiliated investment advisor of Fidelity, in each case, registered under the Investment Advisers Act of 1940 and (z) any T. Rowe Price Investor, other funds and accounts that receive, directly or indirectly, investment management or investment advisory services from T. Rowe Price.

(d) The term "Arrowpoint" means Arrowpoint Fundamental Opportunity Fund, L.P. and Affiliates, including Affiliated Funds, of Arrowpoint Asset Management, LLC.

(e) The term "Board" means the Company's Board of Directors, as constituted from time to time.

(f) The term "Common Stock" means the Common Stock of the Company, par value $0.001 per share.

(g) The term "DFJ" means Draper Fisher Jurvetson Fund X, L.P. and Affiliates thereof.

(h) The term "Fidelity" means Fidelity Management & Research Company and Affiliates thereof.

(i) The term "Form S-3" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(j) The term "Founder Shares" means the Common Stock of the Company owned by any of the Founders.

(k) The term "Free Writing Prospectus" means a free-writing prospectus, as defined in Rule 405.

(l) "Government Official" means any officer or employee of a foreign government or government-controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or official thereof, or candidate for political office.

(m) The term "Holder" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.11 hereof.

(n) The term "Information Rights Investor" means each Investor (or transferee of an Investor) that holds at least 1,700,000 Registrable Securities (appropriately adjusted for any stock split, dividend, combination or other recapitalization).

(o) The term "Initial Offering" means the Company's first firm commitment underwritten public offering of its Common Stock under the Act.

(p) The term "Investor Directors" means the members of the Board elected by the holders of shares of Preferred Stock pursuant to the Restated Certificate and designated by and affiliated with either of USV (such director, the "Series A Director"), BVP (such director, the "Series B Director") or Redpoint Omega II, L.P. and its affiliates (such director, the "Series D Director") pursuant to that certain Amended and Restated Voting Agreement, dated as of the date hereof, by and among the Company, the Investors and the holders of the Company's Common Stock listed on the schedules thereto, as may be amended from time to time

(q) The term "Major Investor" shall mean (i) each Investor (or transferee of an Investor) that holds at least 2,000,000 Registrable Securities (appropriately adjusted for any stock split, dividend, combination or other recapitalization) and (i) DFJ, Altimeter Partners Fund, LP and Arrowpoint, each so long as such Investor holds at least 50% of the shares originally purchased by it (appropriately adjusted for any stock split, dividend, combination or other recapitalization). In addition, Fidelity and its Affiliated Funds (each, a "Fidelity Entity") for so long as the Fidelity Entities hold any Registrable Securities originally purchased by them shall each be deemed to be a "Major Investor" for purposes of Section 2.1. In addition, T. Rowe Price Investors for so long as the T. Rowe Price Investors hold any Registrable Securities originally purchased by them shall each be deemed to be a "Major Investor" for purposes of Section 2.1.

(r) The term "Major Series A Investor" shall mean Union Square Ventures 2008, L.P. ("USV") and Affiliates thereof.

(s) The term "Major Series B Investor" shall mean Bessemer Venture Partners ("BVP") and Affiliates thereof.

(t) "1934 Act" means the Securities Exchange Act of 1934, as amended.

(u) The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(v) The term "Registrable Securities" means (i) the Common Stock issuable or issued upon conversion of the Preferred Stock; (ii) the Founder Shares; and (iii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the shares referenced in (i)-(ii) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in

which his rights under this Section 1 are not assigned; provided, however, that (x) for purposes of Section 1.2 ("Request for Registration"), Section 1.4 ("Form S-3 Registration"), Section 1.12 ("Limitations on Subsequent Registration Rights"), Section 2.1 ("Delivery of Financial Statements"), Section 2.2 ("Inspection"), Section 2.4 ("Right of First Offer") and Section 3.7 ("Amendments"), the Founder Shares shall not be deemed "Registrable Securities" and the Founders shall not be deemed "Holders" and (y) Registrable Securities shall not include any shares of Common Stock described in clauses (i)-(iii) above which have been previously registered or which have been sold to the public either pursuant to a registration statement or Rule 144, or which have been sold in a private transaction in which the transferor's rights under this Agreement are not validly assigned in accordance with this Agreement.

(w) The number of shares of "Registrable Securities" outstanding shall be determined by the number of shares of Common Stock outstanding that are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities that are, Registrable Securities.

(x) The term "Restated Certificate" shall mean the Company's Restated Certificate of Incorporation, as amended and/or restated from time to time.

(y) The term "Rule 144" shall mean Rule 144 under the Act.

(z) The term "Rule 144(b)(1)(i)" shall mean subsection (b)(1)(i) of Rule 144 under the Act as it applies to persons who have held shares for more than one year.

(aa) The term "Rule 405" shall mean Rule 405 under the Act.

(bb) The term "SEC" shall mean the Securities and Exchange Commission.

(cc) The term "T. Rowe Price" shall mean T. Rowe Price Associates, Inc. and any successor or affiliated registered investment advisor to the T. Rowe Price Investors.

(dd) The term "T. Rowe Price Investor" means those Investors that are advisory clients of T. Rowe Price with respect to holding shares of the Company. For the sake of clarity, as of the date hereof, the T. Rowe Price Investors are indicated on Schedule A hereto.

1.2 Request for Registration.

(a) Subject to the conditions of this Section 1.2, if the Company shall receive at any time after the earlier of (i) four (4) years after the date of this Agreement or (ii) six (6) months after the effective date of the Initial Offering, a written request from the Holders of at least a majority of the Registrable Securities then outstanding (for purposes of this Section 1.2, the "Initiating Holders") that the Company file a registration statement under the Act covering the registration of Registrable Securities with an anticipated aggregate proceeds to the Company of at least $15,000,000, then the Company shall, within

thirty (30) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 1.2, use all commercially reasonable efforts to effect, as soon as practicable, the registration under the Act of all Registrable Securities that the Holders request to be registered in a written request received by the Company within thirty (30) days of the mailing of the Company's notice pursuant to this Section 1.2(a).

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.2, and the Company shall include such information in the written notice referred to in Section 1.2(a). In such event the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by those Initiating Holders holding a majority of the Registrable Securities then held by all Initiating Holders (which underwriter or underwriters shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Company that marketing factors require a limitation on the number of securities underwritten (including Registrable Securities), then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities pro rata based on the number of Registrable Securities held by all such Holders (including the Initiating Holders). In no event shall any Registrable Securities be excluded from such underwriting unless all other securities are first excluded. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Section 1.2:

(i) after the Company has effected two (2) registrations pursuant to this Section 1.2, and such registrations have been declared or ordered effective; or

(ii) during the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of the filing of and ending on a date one hundred eighty (180) days following the effective date of a Company-initiated registration subject to Section 1.3 below, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or

(iii) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form S-3 pursuant to Section 1.4 hereof; or

(iv) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.2 a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company and its stockholders for such registration

statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders, provided that such right shall be exercised by the Company not more than once in any twelve (12)-month period and provided further that the Company shall not register any securities for the account of itself or any other stockholder during such ninety (90) day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered).

1.3 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities (other than (i) a registration relating to a demand pursuant to Sections 1.2 or 1.4, or (ii) a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 3.5, the Company shall, subject to the provisions of Section 1.3(c), use all commercially reasonable efforts to cause to be registered under the Act all of the Registrable Securities that each such Holder requests to be registered.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.3 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 1.7 hereof.

(c) Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under this Section 1.3 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by the Company (or by other persons entitled to select the underwriters) and enter into an underwriting agreement in customary form with such underwriters, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine

in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, that the underwriters determine in their sole discretion will not jeopardize the success of the offering. In no event shall any Registrable Securities be excluded from such offering unless all other stockholders' securities have been first excluded. In the event that the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be apportioned pro rata among the selling Holders based on the number of Registrable Securities held by all selling Holders or in such other proportions as shall mutually be agreed to by all such selling Holders. Notwithstanding the foregoing, in no event shall (i) the amount of securities of the selling Holders included in the offering be reduced below twenty-five percent (25%) of the total amount of securities included in such offering, unless such offering is the Initial Offering, in which case the selling Holders may be excluded if the underwriters make the determination described above and no other stockholder's securities are included in such offering or (ii) any securities held by a Founder be included in such offering if any Registrable Securities held by any Investor (and that such Investor has requested to be registered) are excluded from such offering. For purposes of the preceding sentence concerning apportionment, for any selling stockholder that is a Holder of Registrable Securities and that is a venture capital fund, partnership or corporation, the affiliated venture capital funds, partners, retired partners and stockholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of Registrable Securities owned by all such related entities and individuals.

1.4 Form S-3 Registration. In case the Company shall receive, after its Initial Offering, from the Holders of at least fifty percent (50%) of the Registrable Securities (for purposes of this Section 1.4, the "Initiating Holders") a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use all commercially reasonable efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company, provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.4:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an anticipated aggregate price to the public (net of any underwriters' discounts or commissions) of less than $2,000,000;

(iii) if the Company shall furnish to all Holders requesting a registration statement pursuant to this Section 1.4 a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders, provided that such right shall be exercised by the Company not more than once in any twelve (12)-month period and provided further that the Company shall not register any securities for the account of itself or any other stockholder during such ninety (90) day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered);

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S-3 for the Holders pursuant to this Section 1.4; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.4 and the Company shall include such information in the written notice referred to in Section 1.4(a). The provisions of Section 1.2(b) shall be applicable to such request (with the substitution of Section 1.4 for references to Section 1.2).

(d) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Initiating Holders. Registrations effected pursuant to this Section 1.4 shall not be counted as requests for registration effected pursuant to Section 1.2.

1.5 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use commercially reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or, if earlier, until the distribution contemplated in the Registration Statement has been completed;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement;

(c) furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus and any Free Writing Prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(d) use all commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering;

(f) notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus or Free Writing Prospectus (to the extent prepared by or on behalf of the Company) relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and, at the request of any such Holder, the Company will, as soon as reasonably practicable, file and furnish to all such Holders a supplement or amendment to such prospectus or Free Writing Prospectus (to the extent prepared by or on behalf of the Company) so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(g) cause all such Registrable Securities registered pursuant to this Section 1 to be listed on a national exchange or trading system and on each securities exchange and trading system on which similar securities issued by the Company are then listed; and

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

Notwithstanding the provisions of this Section 1, the Company shall be entitled to postpone or suspend, for a reasonable period of time, the filing, effectiveness or use of, or trading under, any registration statement if the Company shall determine that any such filing or the sale of any securities pursuant to such registration statement would in the good faith judgment of the Board:

(i) materially impede, delay or interfere with any material pending or proposed financing, acquisition, corporate reorganization or other similar transaction involving the Company for which the Board has authorized negotiations;

(ii) materially adversely impair the consummation of any pending or proposed material offering or sale of any class of securities by the Company; or

(iii) require disclosure of material nonpublic information that, if disclosed at such time, would be materially harmful to the interests of the Company and its stockholders; provided, however, that during any such period all executive officers and directors of the Company are also prohibited from selling securities of the Company (or any security of any of the Company's subsidiaries or affiliates).

In the event of the suspension of effectiveness of any registration statement pursuant to this Section 1.5, the Holders shall be precluded from using the registration statement in connection with a disposition of the relevant Registrable Securities, and the applicable time period during which such registration statement is to remain effective shall be extended by that number of days equal to the number of days the effectiveness of such registration statement was suspended.

1.6 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as the Company shall reasonably request in writing and as shall be reasonably required to effect the registration of such Holder's Registrable Securities.

1.7 Expenses of Registration. All expenses (except Selling Expenses) incurred in connection with registrations, filings or qualifications pursuant to Sections 1.2, 1.3 and 1.4, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel for the selling Holders (not to exceed $25,000) shall be borne by the Company. All Selling Expenses relating to securities registered on behalf of the Holders shall be borne by the holders of securities included in such registration pro rata among each other on the basis of the number of Registrable Securities so registered. "Selling Expenses" shall mean all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than

the fees and disbursements of one special counsel to the Holder referred to in this Section 1.7). Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 or 1.4 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered or because a sufficient number of Holders shall have withdrawn so that the minimum offering conditions set forth in Section 1.2 or 1.4, as the case may be, are no longer satisfied (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless, the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 1.2 or one S-3 registration pursuant to Section 1.4 and provided, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 1.2 or 1.4, as the case may be.

1.8 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.9 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers, directors and stockholders of each Holder, legal counsel and accountants for each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus, final prospectus, or Free Writing Prospectus contained therein or any amendments or supplements thereto, any issuer information (as defined in Rule 433 of the Act) filed or required to be filed pursuant to Rule 433(d) under the Act or any other document incident to such registration prepared by or on behalf of the Company or used or referred to by the Company, (ii) the omission or alleged omission to state in such registration statement a material fact required to be stated therein, or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws, and the Company will reimburse each such Holder, underwriter, controlling person or other aforementioned person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the indemnity

agreement contained in this subsection l.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter, controlling person or other aforementioned person.

(b) To the extent permitted by law, each selling Holder, severally and not jointly will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, legal counsel and accountants for the Company, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse any person intended to be indemnified pursuant to this subsection l.9(b) for any legal or other expenses reasonably incurred by such person in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the indemnity agreement contained in this subsection l.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld), and provided that in no event shall any indemnity under this subsection l.9(b) exceed the net proceeds from the offering received by such Holder, except in the case of fraud or willful misconduct by such person or entity.

(c) Promptly after receipt by an indemnified party under this Section 1.9 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one (1) separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of liability to the indemnified party under this Section 1.9 to the extent of such prejudice, but the omission to so deliver written notice to the indemnifying party will not

relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.9. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term therof the giving by the claimant or plaintiff to such indemnified party or a release from all liability in respect to such claim or litigation. Each indemnified party shall furnish such information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 1.9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations; provided, however, that (x) no contribution by any Holder, when combined with any amounts paid by such Holder pursuant to Section 1.9(b), shall exceed the net proceeds from the offering received by such Holder, except in the case of fraud or willful misconduct by such person or entity and (y) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Section 1.9(d), when combined with the amounts paid or payable by such Holder pursuant to Section 1.9(b), exceed the proceeds from the offering received by such Holder (net of any expenses paid by such Holder), except in the case of fraud or willful misconduct by such person or entity. The relative fault of the indemnifying party and the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.9 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1 and otherwise.

1.10 Reports Under the 1934 Act. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after the effective date of the Initial Offering;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to avail any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

1.11 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities that (i) is an Affiliate, Affiliated Fund, subsidiary, parent, partner, limited partner, retired partner or stockholder of a Holder, (ii) is a Holder's family member or trust for the benefit of an individual Holder, (iii) after such assignment or transfer, holds, together with the Affiliates of such transferee or assignee, at least five hundred thousand (500,000) shares of Registrable Securities (appropriately adjusted for any stock split, dividend, combination or other recapitalization), or (iv) pursuant to a transfer permitted by Section 3.7(c)(ii) of the Series E Agreement; provided: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including, without limitation, the provisions of Section 1.13 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act.

1.12 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders holding a majority of the Registrable Securities then held by all Holders, which majority must include either the Major Series A Investor or the Major Series B Investor, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include any of such securities in any registration filed under Section 1.2, Section 1.3 or Section 1.4 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included or (b) to demand registration of their securities.

1.13 "Market Stand-Off" Agreement.

(a) Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's Initial Offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (l80) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately prior to the effectiveness of the Registration Statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 1.13 shall apply only to the Company's initial offering of equity securities, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, shall only be applicable to the Holders if all officers, directors and greater than one percent (1%) stockholders of the Company enter into similar agreements and for the sake of clarity, shall not apply to any shares acquired in or after the Company's Initial Offering. The underwriters in connection with the Company's Initial Offering are intended third-party beneficiaries of this Section 1.13 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Company's Initial Offering that are consistent with this Section 1.13 or that are necessary to give further effect thereto; provided, however, that each Fidelity Entity and the T. Rowe Price Investors shall be entitled to a "most favored nations" provision in such agreements regarding waivers to lock-up agreements granted to other Holders. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply to all Holders subject to such agreements pro rata based on the number of shares subject to such agreements.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

(b) Each Holder agrees that a legend reading substantially as follows shall be placed on all certificates representing all Registrable Securities of each Holder (and the shares or securities of every other person subject to the restriction contained in this Section 1.13):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD AFTER THE EFFECTIVE DATE OF THE ISSUER'S REGISTRATION STATEMENT FILED UNDER THE ACT, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE ISSUER'S PRINCIPAL

OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

(c) The Company shall be obligated to reissue promptly unlegended certificates at the request of any Holder thereof if the Company has completed its Initial Offering or in connection with a sale of Registrable Securities by a Holder pursuant to Rule 144 and the Holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) reasonably acceptable to the Company (it being understood that internal securities counsel of T. Rowe Price shall be deemed acceptable for transfers by any T. Rowe Price Investor and internal securities counsel of Fidelity shall be deemed acceptable for transfers by any Fidelity Entity) to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification and legend

(d) The Company shall keep its securities held by the T. Rowe Price Investors in certificated physical form at least through the expiration or early release of the lock-up period as set forth in Section 1.13(a) above.

1.14 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 1 (a) after five (5) years following the consummation of the Initial Offering, (b) as to any Holder, such earlier time after the Initial Offering at which such Holder (i) can sell all shares held by it in compliance with Rule 144(b)(1)(i) or (ii) holds one percent (1%) or less of the Company's outstanding Common Stock and all Registrable Securities held by such Holder (together with any Affiliate of the Holder with whom such Holder must aggregate its sales under Rule 144) can be sold in any three (3) month period without registration in compliance with Rule 144 or (c) after the consummation of a Liquidation Event, as that term is defined in the Restated Certificate.

2. Covenants of the Company.

2.1 Delivery of Financial Statements. The Company shall deliver to each Major Investor and each Information Rights Investor:

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholders' equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("GAAP"), and audited and certified by independent public accountants approved by the Board, including at least one (1) of the Investor Directors;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited income statement, statement of cash flows for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) within thirty (30) days of the end of each month, an unaudited income statement for such month, and an unaudited balance sheet as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(d) as soon as practicable, but in any event at least thirty (30) days prior to the end of each fiscal year, a budget and business plan for the next fiscal year, prepared on a monthly basis, including balance sheets, income statements and statements of cash flows for such months and, as soon as prepared, any other budgets or revised budgets prepared by the Company; and

(e) such other information relating to the financial condition, business or corporate affairs of the Company as the Major Investor, Information Rights Investor or Fidelity Entity may from time to time request, including materials that the Company provides to its Board of Directors, provided, however, that the Company shall not be obligated under this subsection (e) or any other subsection of Section 2.1 to provide information that (i) it deems in good faith to be a trade secret or similar confidential information or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

(f) Notwithstanding anything else in this Section 2.1 to the contrary, the Company may cease providing the information set forth in this Section 2.1 during the period starting with the date thirty (30) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Section 2.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

2.2 Inspection. The Company shall permit each Major Investor, at such Major Investor's expense, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Section 2.2 to provide access to any information that it reasonably considers to be a trade secret or similar confidential information.

2.3 Termination of Information and Inspection Covenants. The covenants set forth in Sections 2.1 and 2.2 shall terminate and be of no further force or effect upon the earlier to occur of (a) the consummation of the sale of securities pursuant to a registration statement filed by the Company under the Act in connection with the firm commitment underwritten offering of its securities to the general public, (b) when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, whichever event shall first occur or (c) the consummation of a Liquidation Event, as that term is defined in the Restated Certificate, in which the consideration received by the Investors is in the form of cash and/or freely-tradeable marketable securities.

2.4 Right of First Offer. Subject to the terms and conditions specified in this Section 2.4, the Company hereby grants to each Major Investor a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). For purposes of this Section 2.4, the term "Major Investor" includes any Affiliates of a Major Investor. A Major Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its Affiliates in such proportions as it deems appropriate.

Each time the Company proposes to offer any shares of, or securities convertible into or exchangeable or exercisable for any shares of, its capital stock ("Shares"), the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions:

(a) The Company shall deliver a notice in accordance with Section 3.5 ("Notice") to each Major Investor stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered and (iii) the price and terms upon which it proposes to offer such Shares.

(b) By written notification received by the Company within fifteen (15) calendar days after the giving of Notice, each Major Investor may elect to purchase, at the price and on the terms specified in the Notice, up to that portion of such Shares that equals the proportion that the number of shares of Common Stock that are Registrable Securities issued and held by such Major Investor (assuming full conversion and exercise of all convertible and exercisable securities then outstanding) bears to the total number of shares of Common Stock of the Company then outstanding (assuming full conversion and exercise of all convertible and exercisable securities then outstanding). The Company shall promptly, in writing, inform each Major Investor that elects to purchase all the shares available to it (a "Fully-Exercising Investor") of any other Major Investor's failure to do likewise. During the five (5) day period commencing after such information is given, each Fully-Exercising Investor may elect to purchase that portion of the Shares for which Major Investors were entitled to subscribe, but which were not subscribed for by the Major Investors, that is equal to the proportion that the number of Registrable Securities issued and held by such Fully-Exercising Investor bears to the total number of Registrable Securities held by all Fully-Exercising Investors desiring to purchase such unsubscribed Shares.

(c) If all Shares that Major Investors are entitled to obtain pursuant to subsection 2.4(b) are not elected to be obtained as provided in subsection 2.1(b) hereof, the Company may, during the ninety (90) day period following the expiration of the period provided in subsection 2.4(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than that, and upon terms no more favorable to the offeree than those, specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within sixty (60) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance with this Section 2.4.

(d) The right of first offer in this Section 2.4 shall not be applicable to (i) the issuance of Series E Preferred Stock pursuant to the Series E Agreement

(and the issuance of Common Stock pursuant to the conversion thereof), (ii) the issuance of securities pursuant to a stock split, stock dividend or similar reorganization, (iii) the issuance or sale of Common Stock (or options therefor) to officers, employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their services pursuant to plans or agreements approved by the Board, (iv) the issuance of securities pursuant to a bona fide, firmly underwritten public offering pursuant to a registration statement filed under the Act, (v) the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities outstanding as of the date hereof, (vi) the issuance of securities in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, provided that such transaction is approved by the Board, (vii) the issuance of stock, warrants or other securities or rights to persons or entities with which the Company has business relationships, provided such issuances are primarily for other than equity financing purposes and have been approved by the Board, and (viii) the issuance of stock, warrants, or other securities or rights pursuant to any equipment loan or leasing arrangement or debt financing from a bank or similar institution, provided such issuances are primarily for other than equity financing purposes and have been approved by the Board,. In addition to the foregoing, the right of first offer in this Section 2.4 shall not be applicable with respect to any Major Investor in any subsequent offering of Shares if (i) at the time of such offering, the Major Investor is not an "accredited investor," as that term is then defined in Rule 501(a) of the Act and (ii) such offering of Shares is otherwise being offered only to accredited investors.

(e) The rights provided in this Section 2.4 may not be assigned or transferred by any Major Investor; provided, however, that a Major Investor that is a venture capital fund may assign or transfer such rights to an affiliated venture capital fund.

2.5 Proprietary Information and Inventions Agreements. The Company shall require all employees and consultants with access to confidential information to execute and deliver a proprietary information and inventions agreement and consulting agreement, respectively, in substantially the forms approved by the Board.

2.6 Employee Agreements. Unless approved by the Board, all future employees of the Company who shall purchase, or receive options to purchase, shares of Common Stock following the date hereof shall be required to execute stock purchase or option agreements providing for (a) vesting of shares over a four (4) year period with the first twenty-five percent (25%) of such shares vesting following twelve (12) months of continued employment or services, and the remaining shares vesting in equal monthly installments over the following thirty six (36) months thereafter and (b) a one hundred eighty (180) day lockup period (plus an additional period of up to eighteen (18) days) in connection with the Company's Initial Offering. The Company shall retain a right of first refusal on transfers until the Company's Initial Offering and the right to repurchase unvested shares at cost.

2.7 Indemnification Matters. The Company hereby acknowledges that one (1) or more of the directors nominated to serve on the Board by the Investors (each a "Fund Director") may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees (a) that it is the indemnitor of first resort (i.e., its

obligations to any such Fund Director are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Fund Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Fund Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Fund Director to the extent legally permitted and as required by the Restated Certificate or Bylaws of the Company (or any agreement between the Company and such Fund Director), without regard to any rights such Fund Director may have against the Fund Indemnitors, and (c) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of any such Fund Director with respect to any claim for which such Fund Director has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Fund Director against the Company.

2.8 Board of Director Approval. So long as any shares of Preferred Stock are outstanding, the Company shall not (by amendment, merger, consolidation or otherwise) without first obtaining the approval (by vote or written consent, as provided by law) of the Board, including a majority of the Investor Directors: (a) directly or indirectly assume, guarantee or incur debt exceeding one hundred thousand dollars ($100,000) in the principal amount, (b) enter into or agree to enter into any transaction with any director, officer or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the 1934 Act) of any such Person, or amend, modify or waive the terms of, or any rights under, any such transaction (except such transactions made in the ordinary course of business upon fair and reasonable terms), (c) establish any stock option plan (or similar plan) or increase the total number of shares of Common Stock reserved for issuance under any such plan, or (d) issue any shares of Common Stock (or any other security convertible into or exercisable for any shares of Common Stock) other than (i) Common Stock issued pursuant to the conversion or exercise of convertible or exercisable securities outstanding on the date hereof and (ii) Common Stock issued to officers, employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their services pursuant to a stock plan approved by the Board.

2.9 Reimbursement for Costs. The Company shall reimburse each nonemployee director for all reasonable and documented out-of-pocket expenses incurred in connection with attending meetings of the Board.

2.10 Directors and Officers Insurance. The Company shall maintain, from financially sound and reputable insurers, a directors and officers insurance policy providing for up to $3,000,000 of coverage, or such other amount as deemed appropriate by the Company's Board of Directors (including a majority of the Investor Directors), provided it is available at commercially reasonable rates and terms and approved the Company's Board of Directors (including a majority of the Investor Directors).

2.11 Anti-Bribery. The Company hereby warrants to the Investors that, to its knowledge, neither the Company nor any of its subsidiaries (each, a "Group

Company") nor any officer, director or employee of a Group Company (the "Representatives") has taken any actions in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Government Official or to any other person while knowing that all or some portion of such money or value will be offered, given or promised to a Government Official for the purpose of obtaining or retaining business or securing any improper advantage. The Company further undertakes to the Investors:

(a) that it will continue to use best endeavors to maintain sufficient internal controls and procedures to ensure that all Group Companies and the Representatives are acting in accordance with the United States Foreign Corrupt Practices Act, as amended;

(b) that no Group Company nor any Representative shall take any actions in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Government Official or to any other person while knowing that all or some portion of such money or value will be offered, given or promised to a Government Official for the purpose of obtaining or retaining business or securing any improper advantage;

(c) that it will indemnify and hold the Investors harmless from and against any and all claims, losses or damages directly arising from any breach by any Group Company or Group Company Representatives of this Section 2.11.

2.12 FIRPTA. The Company is not a "United States real property holding corporation" as defined in Section 897(c)(2) of the Code (a "USRPHC") and has not been a USRPHC during the five-year period ending on the May 16, 2013. If at any time the Company determines that it is a USRPHC, it shall promptly inform the Investor in writing of such determination. In addition, upon the Investor's request, the Company shall promptly determine whether or not it is a USRPHC and shall promptly inform the Investor in writing of such determination.

2.13 Acknowledgment. The Company hereby acknowledges BVP and its affiliated advisors and funds, Fidelity and the Fidelity Entities and T. Rowe Price and the T. Rowe Price Investors are professional investment managers and/or funds, and as such, invest in numerous portfolio companies, some of which may be deemed competitive with the Company's business (as conducted or proposed to be conducted). Neither BVP, Fidelity, T. Rowe Price, the T. Rowe Price Investors nor their respective affiliates (including affiliated advisors and funds) shall be liable to the Company for any claim arising out of, or based upon, (i) the investment by BVP, Fidelity, the T. Rowe Price Investors or any affiliated fund in any entity competitive to the Company, or (ii) actions taken by any advisor, partner, officer or other representative of BVP, Fidelity, T. Rowe Price, the T. Rowe Price Investors or any affiliated fund to assist any such competitive company, whether or not such action was taken as a board member of such competitive company, or otherwise.

2.14 Observer Rights.

(a) (i) As long as Fidelity and its Affiliated Funds owns not less than 2,000,000 shares (appropriately adjusted for any stock split, dividend, combination or other recapitalization) of Series E Preferred Stock (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite a representative of Fidelity who is designated by Fidelity (the "Fidelity Observer") to attend all meetings of its Board of Directors and any committee thereof in a nonvoting observer capacity and, (ii) as long as Fidelity and its Affiliated Funds own any shares of Series E Preferred Stock (or shares of Common Stock issued upon conversion thereof), the Company shall give to the Fidelity Observer or, if Fidelity no longer has the right to the Fidelity Observer, to Fidelity, copies of all notices, minutes, consents and other materials that it provides to its directors and members of such committee (the "Board Materials"); provided, however, that the Fidelity Observer or Fidelity, as applicable, shall agree to hold in confidence and trust all Board Materials so provided; and, provided further, that the Company reserves the right to withhold any Board Materials and to exclude the Fidelity Observer from any meeting or portion thereof if, based on the advice of Company counsel, access to such Board Materials or attendance at such meeting would adversely affect the attorney-client privilege between the Company and its counsel or would result in disclosure of trade secrets to the Fidelity Observer or Fidelity, as applicable.

(b) (i) As long as the T. Rowe Price Investors own not less than 1,200,000 shares (appropriately adjusted for any stock split, dividend, combination or other recapitalization) of Series E Preferred Stock (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite a representative of T. Rowe Price who is designated by T. Rowe Price (the "T. Rowe Price Observer") to attend all meetings of its Board of Directors and any committee thereof in a nonvoting observer capacity and, (ii) as long as the T. Rowe Price Investors own any shares of Series E Preferred Stock (or shares of Common Stock issued upon conversion thereof), the Company shall give to the T. Rowe Price Observer or, if T. Rowe Price no longer has the right to T. Rowe Price Observer, to T. Rowe Price, copies of all Board Materials; provided, however, that T. Rowe Price Observer or T. Rowe Price, as applicable, shall agree to hold in confidence and trust all Board Materials so provided; and, provided further, that the Company reserves the right to withhold any Board Materials and to exclude the T. Rowe Price Observer from any meeting or portion thereof if, based on the advice of Company counsel, access to such Board Materials or attendance at such meeting would adversely affect the attorney-client privilege between the Company and its counsel or would result in disclosure of trade secrets to the T. Rowe Price Observer or T. Rowe Price, as applicable.

2.15 Information Requests. The Company shall promptly and accurately respond, and shall use its best efforts to cause its transfer agent to promptly respond, to requests for information made on behalf of any Fidelity account or any T. Rowe Price Investor relating to (a) accounting or securities law matters required in connection with its audit or (b) the actual holdings of such Fidelity account or T. Rowe Price Investor, including in relation to the total outstanding shares; provided, however, that the Company shall not be obligated to provide any such information that could reasonably result in a violation of applicable law or conflict with the Company's insider trading policy or confidentiality obligation of the Company. These rights shall expire with respect to Fidelity once no Fidelity account holds any securities of the Company that are restricted under the Act and with respect to a T. Rowe Price Investor once

such T. Rowe Price Investor no longer holds any securities of the Company that are restricted under the Act.

2.16 Termination of Certain Covenants. The covenants set forth in Sections 2.4, 2.5, 2.6, 2.8, 2.9, 2.10, 2.11, 2.12, 2.13, 2.14 and 2.15 shall terminate and be of no further force or effect upon the consummation of (i) the Initial Offering or (ii) a Liquidation Event (as such term is defined in the Restated Certificate), provided, that, the Company's obligations to provide the Board Materials as set forth Section 2.14(a)(ii) and Section 2.14(b)(ii) shall survive the Liquidation Event unless the consideration received by the Investors is in the form of cash and/or freely-tradeable marketable seucrities.

3. Miscellaneous.

3.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California, without regard to its principles of conflicts of laws.

3.3 Counterparts. This Agreement may be executed and delivered by facsimile or electronic signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at the addresses set forth on the signature pages attached hereto (or at such other addresses as shall be specified by notice given in accordance with this Section 3.5).

3.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.7 Entire Agreement; Amendments and Waivers. This Agreement (including the Exhibits hereto, if any) constitutes the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof. Any term of this Agreement (other than Section 2.1, Section 2.2, Section 2.3 and Section 2.4) may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the holders of a majority of the Registrable Securities held by Holders. The provisions of Section 2.2, Section 2.3 and Section 2.4 may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Major Investors holding a majority of the Registrable Securities that are held by all of the Major Investors; provided, however, that a waiver of the right of first offer as set forth in Section 2.4 shall not be effective as to a Major Investor who has not waived such right unless none of the holders who waived such right purchases, or had any post-waiver right to purchase, any Shares in such issuance. The provisions of Section 2.1 may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Major Investors and Information Rights Investors holding a majority of the Registrable Securities that are held by all of the Major Investors and the Information Rights Investors, where such majority shall include BVP and USV for so long as each of BVP and USV is a Major Investor or Information Rights Investor. Notwithstanding anything to the contrary and in addition to any other approvals that may be necessary hereunder, the definition of "Major Investor" and the provisions of Sections 1.1(b), 1.1(g), 1.13, 2.1, 2.2, 2.3, 2.13, 2.14(a), 2.15, 2.16 and 3.12 may only be amended or waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of Fidelity. Notwithstanding anything to the contrary and in addition to any other approvals that may be necessary hereunder, the definition of "Major Investor" and the provisions of Sections 1.1(b), 1.1(c), 1.1(q), 1.1(cc), 1.1(dd), 1.13, 2.1, 2.2, 2.3, 2.13, 2.14(b), 2.15 and 2.16 may only be amended or waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of T. Rowe Price. Notwithstanding the foregoing, any amendment or waiver that adversely and disproportionately affects any Investor, class of Preferred Stock, or series of Preferred Stock in a manner different than any other Investor, class of Preferred Stock, or series of Preferred Stock shall require the written consent of such Investor, at least a majority in interest of such class of Preferred Stock, or at least a majority in interest of such series of Preferred Stock, as applicable. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities, each future holder of all such Registrable Securities, and the Company.

3.8 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

3.9 Aggregation of Stock. All Registrable Securities held or acquired by affiliated entities (including affiliated venture capital funds or Affiliated Funds) or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.10 Additional Investors. Notwithstanding Section 3.7, no consent shall be necessary to add additional Investors as signatories to this Agreement, provided that such Investors have purchased Series E Preferred Stock pursuant to the Series E Agreement.

3.11 Termination of Prior Agreement. Upon the effectiveness of this Agreement, the Prior Agreement shall terminate and be of no further force and effect, and shall be superseded and replaced in its entirety by this Agreement.

3.12 Massachusetts Business Trust. A copy of the Agreement and Declaration of Trust of each Investor affiliated with Fidelity, or any affiliate thereof, is on file with the Secretary of State of the Commonwealth of Massachusetts and notice is hereby given that this Agreement is executed on behalf of the trustees of such Investor or any affiliate thereof as trustees and not individually and that the obligations of this Agreement are not binding on any of the trustees, officers or stockholders of such Investor or any affiliate thereof individually but are binding only upon such Investor or any affiliate thereof and its assets and property.

(*Remainder of page intentionally left blank*)

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

COMPANY:

TWILIO INC.

By: /s/ Jeff Lawson
Name: Jeff Lawson
Title: Chief Executive Officer

Address: 645 Harrison Street, 3rd Floor
San Francisco, California 94107

SIGNATURE PAGE TO TWILIO INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

FOUNDERS:

Jeffrey Gordon Lawson, as trustee of the Lawson 2014 GRAT

Jeffrey Gordon Lawson, as trustee of the Lawson Revocable Trust

/s/ Jeff Lawson
Name: Jeff Lawson
Title: Trustee

/s/ John Wolthuis
John Wolthuis

/s/ Evan Cooke
Evan Cooke

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

Fidelity Securities Fund: Fidelity OTC Portfolio

By: /s/ Joseph Zambello
Name: Joseph Zambello
Title: Authorized Signatory

Address:

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

Fidelity Contrafund Commingled Pool
By: Fidelity Management & Trust Co.

By: /s/ Joseph Zambello
Name: Joseph Zambello
Title: Authorized Signatory

Address:

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

Fidelity Contrafund: Fidelity Advisor New Insights Fund

By: /s/ Joseph Zambello
Name: Joseph Zambello
Title: Authorized Signatory

Address:

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

Fidelity Contrafund: Fidelity Contrafund

By: /s/ Joseph Zambello
Name: Joseph Zambello
Title: Authorized Signatory

Address:

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

Fidelity Contrafund: Fidelity Series Opportunistic Insights Fund

By: /s/ Joseph Zambello
Name: Joseph Zambello
Title: Authorized Signatory

Address:

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

Fidelity Contrafund: Fidelity Advisor Series Opportunistic Insights Fund

By: /s/ Joseph Zambello
Name: Joseph Zambello
Title: Authorized Signatory

Address:

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

T. Rowe Price New Horizons Fund, Inc.
T. Rowe Price New Horizons Trust
T. Rowe Price U.S. Equities Trust
Each fund, severally and not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser

By: /s/ J. David Wagner

Name: J. David Wagner

Title: Vice President

Address:
T. Rowe Price Associates, Inc.
100 East Pratt Street
Baltimore, MD 21202
Attn: Andrew Baek, Vice President and Senior Legal Counsel
Phone: 410-345-2090
E-mail: andrew_baek@troweprice.com

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

ALTIMETER PARTNERS FUND, LP

By: /s/ John J. Kiernan III
Altimeter General Partner, LLC
Its General Partner

Name: John J. Kiernan III
Title: Member

Address: One International Place, Suite 2400

Boston, MA 02110

SIGNATURE PAGE TO TWILIO INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

Arrowpoint Fundamental Opportunity Fund, L.P.

By: its General Partner
Arrowpoint Partners GP, LLC

By: /s/ David Corkins
Name: David Corkins
Title: Managing Member

Lookfar Investments LLC

By: /s/ David Corkins
Name: David Corkins
Title: Managing Member

Intrepid Production Corp
By: its Investment Adviser
Arrowpoint Asset Management, LLC

By: /s/ David Corkins
Name: David Corkins
Title: Managing Member

Iron Horse Investments LLC
By: its Investment Adviser
Arrowpoint Asset Management, LLC

By: /s/ David Corkins
Name: David Corkins
Title: Managing Member

THB Iron Rose LLC
By: its Investment Adviser
Arrowpoint Asset Management, LLC

By: /s/ David Corkins
Name: David Corkins
Title: Managing Member

Address: Arrowpoint Asset Management, LLC
100 Fillmore Street, Suite 325
Denver, CO 80206

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IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

ANDREAS BECHTOLSHEIM

/s/ Andreas Bechtolsheim

Address:

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

BESSEMER VENTURE PARTNERS VII L.P.

BESSEMER VENTURE PARTNERS VII INSTITUTIONAL L.P.

BVP VII SPECIAL OPPORTUNITY FUND L.P.

By: Deer VII & Co. L.P., their General Partner
By: Deer VII & Co. Ltd., its General Partner

By: /s/ J. Edmund Colloton
Name: J. Edmund Colloton
Title: Director

Address: c/o Bessemer Venture Partners
1865 Palmer Avenue
Suite 104
Larchmont, NY 10538
Tel. 914-833-5300
Transactions@bvp.com

SIGNATURE PAGE TO TWILIO INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

REDPOINT OMEGA II, L.P., by its General Partner Redpoint Omega II, LLC

REDPOINT OMEGA ASSOCIATES II, LLC, as nominee

By: /s/ Scott C. Raney
Name: Scott C. Raney
Title: Managing Director

Address: 3000 Sand Hill Rd. #2-290
Menlo Park, CA 94025

SIGNATURE PAGE TO TWILIO INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

DRAPER FISHER JURVETSON FUND X, L.P.

By: /s/ John Fisher
Name: John Fisher
Title: Managing Director

DRAPER FISHER JURVETSON PARTNERS X, LLC

By: /s/ John Fisher
Name: John Fisher
Title: Managing Member

DRAPER ASSOCIATES RISKMASTERS FUND III, LLC

By: /s/ Timothy C. Draper
Name: Timothy C. Draper
Title: Managing Member

Address: 2882 Sand Hill Road, Suite 150
Menlo Park, CA 94025

Telephone: (650) 233-9000
Fax: (650) 233-9233

SIGNATURE PAGE TO TWILIO INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

SALESFORCE.COM, INC.

By: /s/ John Somorjai
John Somorjai
EVP, Corporate Development and
Salesforce Ventures

Address: The Landmark @ One Market Street, Suite 300
San Francisco, CA 94105

SIGNATURE PAGE TO TWILIO INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

AMAZON.COM NV INVESTMENT HOLDINGS LLC

By: /s/ Dan Grossman
Name: Dan Grossman
Title: Vice President

Address: 410 Terry Avenue North
Seattle, WA 98109-5210
Attention: General Counsel

SIGNATURE PAGE TO TWILIO INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

UNION SQUARE VENTURES 2008, L.P.,
a Delaware limited partnership

By: Union Square GP 2008, L.L.C.,
a Delaware limited liability company
Its: General partner

By: /s/ Albert Wenger
Name: Albert Wenger
Title: Managing Partner

Address: 915 Broadway, Suite 1408
New York, NY 10010

SIGNATURE PAGE TO TWILIO INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

SCHEDULE A

Investors

Amazon.com NV Investment Holdings LLC
salesforce.com, Inc.
Fidelity Securities Fund: Fidelity OTC Portfolio
Fidelity Contrafund Commingled Pool
Fidelity Contrafund: Fidelity Advisor New Insights Fund
Fidelity Contrafund: Fidelity Contrafund
Fidelity Contrafund: Fidelity Series Opportunistic Insights Fund
Fidelity Contrafund: Fidelity Advisor Series Opportunistic Insights Fund
Lookfar Investments LLC
Intrepid Production Corp
Iron Horse Investments LLC
Arrowpoint Fundamental Opportunity Fund, L.P.
THB Iron Rose LLC

T. Rowe Price New Horizons Fund, Inc.
T. Rowe Price New Horizons Trust
T. Rowe Price U.S. Equities Trust
Altimeter Partners Fund, LP
Andreas Bechtolsheim
Union Square Ventures 2008, L.P.
Lawrence Lawson
Scott Kaufman
Susan Cooke
Dave & Norah Wolthius
StarChamber, LLC
KintanBrahmbhatt
John Whelan
Melissa Litwiki
Benjamin Diament
Bullet Time Ventures, LP
The Jeffrey G. Fluhr Trust dated 11/8/05
Mitchell D. Kapor Trust dated 12/03/99
K9 Ventures, LP
FF Angel, LLC
15 Angels, LLC
Dave McClure
Joshua Schachter
Bessemer Venture Partners VII L.P.
Bessemer Venture Partners VII Institutional L.P.
BVP VII Special Opportunity Fund L.P.
500 Startups, L.P.
SV Angel II-Q, L.P.
Infocomm Investments Private Limited

The James and Linda McGeever Revocable Trust
Redpoint Omega II, L.P.
Redpoint Omega Associates II, LLC
Draper Fisher Jurvetson Fund X, L.P.
Draper Fisher Jurvetson Partners X, LLC
Draper Associates Riskmasters Fund III, LLC
Jeffrey E. Epstein and Sue H. Epstein, Trustees UTD 6/22/2012

SCHEDULE B

Founders

John Wolthuis

Evan Cooke

Transferees from Jeffrey Lawson:

Commonwealth Trust Company, as trustee of the Lawson 2014 Irrevocable Trust

Jeffrey Gordon Lawson, as trustee of the Lawson 2014 GRAT

Jeffrey Gordon Lawson, as trustee of the Lawson Revocable Trust

Rachel Lawson and Daniel Freeman, Co-Trustees of the Lawson 2012 Education Trust dated October 6, 2012

Lawson, Larry

Lawson, Rachel

Daniel Freeman

Evelyn Freeman

Fred Freeman

Myra Greenwald

Daniel Shere

TWILIO
2008 STOCK OPTION PLAN
AS AMENDED AND RESTATED

1. Purposes of the Plan. The purposes of this 2008 Stock Option Plan, as amended and restated, are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants and to promote the success of the Company's business.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall administer the Plan in accordance with Section 4 hereof.

(b) "Applicable Laws" means the requirements relating to the administration of equity incentive plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan.

(c) "Award" or "Awards", except when referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock Units or any combination of the foregoing.

(d) "Award Agreement" means a written or electronic agreement setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Agreement may contain terms and conditions in addition to those set forth in the Plan; provided, however in the event of any conflict in the terms of the Plan and the Award Agreement, the terms of the Plan shall govern.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means either (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation or stock transfer; but excluding any such transaction effected primarily for the purpose of changing the domicile of the Company), unless the Company's stockholders of record immediately prior to such transaction or series of related transactions hold, immediately after such transaction or series of related transactions, at least 50% of the voting power of the surviving or acquiring entity (provided that the sale by the Company of its securities for the purposes of raising additional funds shall not constitute a Change of Control hereunder); or (ii) a sale of all or substantially all of the assets of the Company.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Committee" means a committee of Directors appointed by the Board in accordance with Section 4 hereof.

(i) "Common Stock" means the Common Stock of the Company.

(j) "Company" means Twilio Inc., a Delaware corporation.

(k) "Consultant" means any natural person who is engaged by the Company or any Parent or Subsidiary to render consulting or advisory services to such entity and who satisfies the requirements of subsection (c)(l) of Rule 701 under the Securities Act of 1933, as amended.

(l) "Director" means a member of the Board.

(m) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(n) "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the 91st day of such leave, any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(p) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the NASDAQ National Market or The NASDAQ SmallCap Market of The NASDAQ Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices of the Common Stock on the day of determination; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(q) "Holder" means, with respect to an Award or any Shares, the Person holding such Award or Shares, including the initial recipient of the Award.

(r) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(s) "IPO" means the effective date of the Company's first registration statement on Form S-1 (or similar) following which the Common Stock becomes publicly traded.

(t) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(u) "Option" means a stock option granted pursuant to the Plan. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant.

(v) "Optioned Stock" means the Common Stock subject to an Option.

(w) "Optionee" means the Holder of an outstanding Option granted under the Plan.

(x) "Parent" means a "parent corporation," defined in Section 424(e) of the Code.

(y) "Person" shall mean any individual, corporation, partnership (limited or general), limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

(z) "Plan" means this 2008 Stock Option Plan, as amended and restated.

(aa) "Restricted Stock Unit" means an Award of phantom stock units to a grantee, which may be settled in cash or Shares as determined by the Committee, pursuant to Section 9.

(bb) "Section 409A" means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

(cc) "Service Provider" means an Employee, Director or Consultant.

(dd) "Share" means a share of the Common Stock, as adjusted in accordance with Section 12 below.

(ee) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 21,039,010[1] Shares.

[1] Includes original plan reserve of 750,000 shares approved by the Board on April 21, 2008, an increase of 1,250,000 shares approved by the Board on December 17, 2009, an increase of 1,246,609 shares approved by the Board on November 1, 2010, an increase of 1,272,896 shares approved by the Board on August 25, 2011, an increase of 1,000,000 shares approved by the Board on May 16, 2013, an increase of 1,500,000 shares approved by the Board on March 25,

The aggregate number of Shares which may be issued upon the exercise of Incentive Stock Options shall in no event exceed 21,039,010 Shares (subject to adjustment pursuant to Section 12 of the Plan). The number of Shares which are subject to Awards or other rights outstanding at any time shall not exceed the number of Shares which then remain available for issuance under the Plan. The Shares may be authorized but unissued, or reacquired Common Stock.

For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, satisfied without the issuance of Shares or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of any Option or settlement of an Award to cover the exercise price or tax withholding shall become available for future grant or sale under the Plan (unless the Plan has terminated). However, Shares that have actually been issued under the Plan, upon exercise of an Option or settlement of an Award, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if Shares of Restricted Stock issued pursuant an Option are repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Board or a Committee appointed by the Board, which Committee shall be constituted to comply with Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion to:

(i) determine the Fair Market Value;

(ii) select the Service Providers to whom Awards may from time to time be granted hereunder;

(iii) determine the number of Shares to be covered by each such Award granted hereunder;

(iv) approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Awards or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

2014, an increase of 1,000,000 shares approved by the Board on September 24, 2014, an increase of 1,000,000 shares approved by the Board on December 16, 2014, an increase of 1,000,000 shares approved by the Board on January 27, 2015, and an increase of 4,000,000 shares approved by the Board on April 22, 2015.

(vi) prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(vii) to require the Company to, or allow Holders to, satisfy withholding tax obligations by having the Company withhold from the Shares to be issued upon exercise of an Option or settlement of Restricted Stock Units that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. Unless otherwise required by the Administrator, elections by Holders to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary and advisable; and

(viii) construe and interpret the terms of the Plan and Awards granted pursuant to the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all persons, including the Company and all Holders.

5. Eligibility. Awards may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Limitations.

(a) Incentive Stock Option Limit. Each Option shall be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by an Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) At Will Employment. Neither the Plan nor any Award shall confer upon any grantee any right with respect to continuing the grantee's relationship as a Service Provider with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, with or without cause, and with or without notice.

7. Term of Plan. Subject to shareholder approval in accordance with Section 18, the Plan shall become effective upon its adoption by the Board. Unless sooner terminated under Section 14, it shall continue in effect for a term of ten (10) years from the later of (a) the effective date of the Plan, or (b) the date of the most recent Board approval of an increase in the number of shares reserved for issuance under the Plan.

8. Stock Options.

Upon the grant of an Option, the Company and the Optionee shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by

the Committee, and such terms and conditions may differ among individual Awards and Optionees.

(a) Term of Option. The term of each Option shall be stated in the Award Agreement; provided, however, that the term shall be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(b) Option Exercise Price. The per share exercise price for the Shares to be issued upon exercise of an Option shall be such price as is determined by the Administrator, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of an Nonstatutory Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction.

(c) Forms of Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). Such consideration may consist of, without limitation, (1) cash, (2) check, (3) promissory note, (4) other Shares, provided Shares acquired directly from the Company (x) have been owned by the Optionee for more than six (6) months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (5) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, or (6) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company. Notwithstanding the foregoing, the Administrator may permit an Optionee to exercise his or her Option by delivery of a full-recourse promissory note secured by the purchased Shares. The terms of such promissory note shall be determined by the Administrator in its sole discretion.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. Except in the case of Options granted to officers, Directors and Consultants, Options shall become exercisable at a rate of no less than 20% per year over five (5) years from the date the Options are granted. Unless the Administrator provides otherwise, vesting of Options granted hereunder to officers and Directors will be suspended during any unpaid leave of absence. An Option may not be exercised for fraction of a Share.

An Option shall be deemed exercised when the Company receives (A) written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option, and (B) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If an Optionee ceases to be a Service Provider, such Optionee may exercise his or her Option within thirty (30) days of termination, or such longer period of time as specified in the Award Agreement, to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of the Option as set forth in the Award Agreement). If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(iii) Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within six (6) months of termination, or such longer period of time as specified in the Award Agreement, to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of Option as set forth in the Award Agreement). If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(iv) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within six (6) months following the Optionee's death, or such longer period of time as specified in the Award Agreement, to the extent that the Option is vested on the date of death (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) by the Optionee's designated beneficiary, provided such beneficiary has been designated prior to Optionee's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Optionee, then such Option may be exercised by the personal representative of the Optionee's estate or by the person(s) to whom the Option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(v) Repurchase Rights and Transfer Restrictions. Shares purchased on exercise of Options shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board may determine. Such restrictions shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions otherwise applicable to holders of Shares generally. Unless determined otherwise by the Administrator, Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or the laws of descent and distribution, and may be exercised during the lifetime of the Optionee, only by the Optionee. If the Administrator in its sole discretion makes an Option transferable, such Option may only be transferred by (i) will, (ii) the laws of descent and distribution, (iii) instrument to an inter vivos or testamentary trust in which the Option is to be passed to beneficiaries upon the death of the Optionee, or (iv) gift to a member of the Optionee's immediate family (as such term is defined in Rule 16a-l(e) of the Exchange Act). In addition, any transferable Option shall contain additional terms and conditions as the Administrator deems appropriate.

9. Restricted Stock Units.

(a) Nature of Restricted Stock Units. The Committee may, in its sole discretion, grant to an eligible person under Section 5 hereof Restricted Stock Units under the Plan. The Committee shall determine the restrictions and conditions applicable to each Restricted Stock Unit at the time of grant. Vesting conditions may be based on continuing service with the Company, achievement of pre-established performance goals and objectives and/or other such criteria as the Committee may determine. Upon the grant of Restricted Stock Units, the grantee and the Company shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee and may differ among individual Awards and grantees. On or promptly following the vesting date or dates applicable to any Restricted Stock Unit, but in no event later than March 15 of the year following the year in which such vesting occurs, such Restricted Stock Units shall be settled in the form of cash or Shares, as specified in the Award Agreement. Restricted Stock Units may not be sold, assigned, transferred, pledged, or otherwise encumbered or disposed of.

(b) Rights as a Stockholder. A grantee shall have the rights of a stockholder only as to Shares, if any, acquired upon settlement of Restricted Stock Units. A grantee shall not

be deemed to have acquired any such Shares unless and until the Restricted Stock Units shall have been settled in Shares pursuant to the terms of the Plan and the Award Agreement, the Company shall have issued and delivered a certificate representing the Shares to the grantee (or transferred on the records of the Company with respect to uncertificated stock), and the grantee's name has been entered in the books of the Company as a stockholder.

(c) Termination. Except as may otherwise be provided by the Committee either in the Award Agreement or in writing after the Award Agreement is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's cessation of service relationship with the Company and any Subsidiary for any reason.

(d) Repurchase Rights and Transfer Restrictions. Shares received when Restricted Stock Units are settled, if any, shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board may determine. Such restrictions shall be set forth in the applicable Restricted Stock Unit Agreement and shall apply in addition to any restrictions otherwise applicable to holders of Shares generally.

10. Tax Withholding.

(a) Payment by Grantee. Each Holder shall, no later than the date as of which the value of an Award or of any Shares or other amounts received thereunder first becomes includable in the gross income of the grantee or Holder for income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and any Subsidiary shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver stock certificates (or evidence of book entry) to any grantee is subject to and conditioned on any such tax withholding obligations being satisfied by the grantee.

(b) Payment in Shares. The Company's minimum required tax withholding obligation may be satisfied, in whole or in part, by the Company withholding from Shares to be issued pursuant to an Award a number of Shares having an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due. In addition, the required tax withholding obligation may be satisfied, in whole or in part, by an arrangement whereby a certain number of Shares issued upon exercise or settlement of an Award are immediately sold and proceeds from such sale are remitted to the Company in an amount that would satisfy the withholding amount due.

11. Section 409A Awards.

To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A (a "409A Award"), the Award shall be subject to such additional rules and requirements as may be specified by the Committee from time to time. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A) to a grantee who is considered a "specified employee" (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (a) six (6) months and one (1) day after the grantee's separation from service, or (b) the grantee's death, but only to the extent such delay is necessary to prevent

such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. The Company makes no representation or warranty and shall have no liability to any grantee under the Plan or any other Person with respect to any penalties or taxes under Section 409A that are, or may be, imposed with respect to any Award.

12. Adjustments Upon Changes in Capitalization, Merger or Change in Control.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number and type of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award, and the number and type of Shares covered by each outstanding Award, as well as the price per Share covered by each such outstanding Award, shall be proportionately adjusted for any increase or decrease in the number or type of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company. The conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number, type or price of Shares subject to an Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Holder as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option until fifteen (15) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option shall lapse as to all such Shares and that Restricted Stock Units shall fully vest, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation, or a Change in Control, each outstanding Award shall be assumed or an equivalent award substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. If, in such event, the Award is not assumed or substituted, the Award shall terminate as of the date of the closing of the merger or Change in Control. For the purposes of this paragraph, the Award shall be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the

successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise or settlement of the Award, for each Share subject to the Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of common stock in the merger or Change in Control.

13. Time of Granting Awards. The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award, or such later date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Award is so granted within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Shareholder Approval. The Board shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Holder, unless mutually agreed otherwise between the Holder and the Administrator, which agreement must be in writing and signed by the Holder and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

15. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise or settlement of an Award unless the exercise or settlement of such Award and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise or settlement of an Award, the Administrator may require the Holder to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

16. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall

not have been obtained.

17. Reservation of Shares. The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

18. Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted. Such shareholder approval shall be obtained in the degree and manner required under Applicable Laws.

TWILIO INC.

2008 STOCK OPTION PLAN
STOCK OPTION AGREEMENT—EARLY EXERCISE

Unless otherwise defined herein, the terms defined in the 2008 Stock Option Plan shall have the same defined meanings in this Stock Option Agreement—Early Exercise.

I. NOTICE OF STOCK OPTION GRANT

Name:

Address:

The undersigned Optionee has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Date of Grant		
Vesting Commencement Date		
Exercise Price per Share	$	
Total Number of Shares Granted		
Total Exercise Price	$	
Type of Option	x	Incentive Stock Option
	o	Nonstatutory Stock Option
Term/Expiration Date		

Vesting Schedule:

This Option is exercisable, in whole or in part, according to the following schedule:

[Twenty-five percent (25%) of the Shares subject to the Option shall vest twelve (12) months after the Vesting Commencement Date, and 1/48 of the Shares subject to the Option shall vest each month thereafter on the same day of the month as the Vesting Commencement Date, subject to Optionee continuing to be a Service Provider on such dates.]

Notwithstanding the foregoing and anything contrary in the Plan, to the extent the successor corporation in a merger or Change in Control refuses to assume or substitute for this Option, then the Optionee shall fully vest in and have the right to exercise this Option as to all of the Optioned Stock,

including Shares as to which it would not otherwise be vested or exercisable. If this Option becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or Change in Control, the Administrator shall notify the Optionee in writing or electronically that this Option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and this Option shall terminate upon the expiration of such period.

Termination Period:

This Option shall be exercisable for three (3) months after Optionee ceases to be a Service Provider. Upon Optionee's death or Disability, this Option may be exercised for one (1) year after Optionee ceases to be a Service Provider. In no event may Optionee exercise this Option after the Term/Expiration Date as provided above.

II. AGREEMENT

1. Grant of Option. The Plan Administrator of the Company hereby grants to the Optionee named in the Notice of Grant (the "Optionee"), an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that it exceeds the $100,000 rule of Code Section 422(d), this Option shall be treated as a Nonstatutory Stock Option ("NSO").

2. Exercise of Option. This Option shall be exercisable during its term as follows:

(a) Right to Exercise.

(i) Subject to subsections 2(a)(ii) and 2(a)(iii) below, this Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Stock Option Grant. Alternatively, at the election of the Optionee, this Option may be exercised in whole or in part at any time as to Shares which have not yet vested. Vested Shares shall not be subject to the Company's repurchase right (as set forth in the Restricted Stock Purchase Agreement, attached hereto as Exhibit C-1).

(ii) As a condition to exercising this Option for unvested Shares, the Optionee shall execute the Restricted Stock Purchase Agreement.

(iii) This Option may not be exercised for a fraction of a Share.

(b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being

exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. In the event the Shares have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Lock-up Period. Optionee hereby agrees that Optionee shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Optionee (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act plus such period of time (not to exceed 35 days) as may be required by the Company or the underwriter to accommodate regulatory restrictions.

Optionee agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Optionee shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180) day (plus up to 35 additional days) period. Optionee agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any the following, or a combination thereof, at the election of the Optionee:

(a) cash or check;

(b) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(c) surrender of other Shares which, (i) in the case of Shares acquired from the Company, either directly or indirectly, have been owned by the Optionee for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares.

6. Restrictions on Exercise. This Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.

7. Non-Transferability of Option and Shares. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee. The Shares are subject to restrictions on transfer as set forth in the Company's bylaws and the Exercise Notice.

8. Term of Option. This Option may be exercised only within the term set out in the Notice of Grant, and maybe exercised during such term only in accordance with the Plan and the terms of this Option.

9. Tax Obligations.

(a) Withholding Taxes. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of Federal, state, local and foreign income and employment tax withholding requirements applicable to the Option exercise. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Optionee herein is an ISO, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of the date two (2) years after the Date of Grant, or (2) the date one (1) year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company of the compensation income recognized by the Optionee.

(c) Code Section 409A. Under Code Section 409A, an Option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less then the Fair Market Value of a Share on the date of grant (a "discount option") may be considered "deferred compensation." An Option that is a "discount option" may result in (i) income recognition by Optionee prior to the exercise of the Option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The "discount option" may also result in additional state income, penalty and interest tax to the Optionee. Optionee acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the Fair Market Value of a Share on the date of grant in a later examination. Optionee agrees that if the IRS determines that the Option was granted with a per share exercise price that was less than the Fair Market Value of a Share on the date of grant, the Optionee shall be solely responsible for the Optionee's costs related to such a determination.

10. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the internal substantive laws but not the choice of law rules of California.

11. No Guarantee of Continued Service. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all

decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE

Signature

Residence Address:

TWILIO INC.

By: _____
Lee Kirkpatrick
Secretary

EXHIBIT A

2008 STOCK OPTION PLAN

EXERCISE NOTICE

Twilio Inc.
645 Harrison Street, 3rd Floor
San Francisco CA 94107

Attention: Lee Kirkpatrick

1. Exercise of Option. Effective as of today, , , the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase shares of the Common Stock (the "Shares") of Twilio Inc. (the "Company") under and pursuant to the 2008 Stock Option Plan (the "Plan") and the Stock Option Agreement dated (the "Option Agreement").

2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares, as set forth in the Option Agreement, and any and all withholding taxes due in connection with the exercise of the Option.

3. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Shareholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares shall be issued to the Optionee as soon as practicable after the Option is exercised in accordance with the Option Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in Section 12 of the Plan.

5. Company's Right of First Refusal. Subject to Section 6 hereof, before any Shares held by Optionee or any transferee (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares (ii) the name of each proposed purchaser or other transferee ("Proposed Transferee") (iii) the number of Shares to be transferred to each Proposed Transferee and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the

Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to anyone or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) Purchase Price. The purchase price ("Purchase Price") for the Shares purchased by the Company or its assignee(s) under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board of Directors of the Company in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within 120 days after the date of the Notice, that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the transfer of any or all of the Shares for no consideration during the Optionee's lifetime to a member of the Optionee's Immediate Family or a trust for the benefit of the Optionee and/or the Optionee's Immediate Family or on the Optionee's death by will or intestacy to the Optionee's beneficiary or estate shall be exempt from the provisions of this Section. "Immediate Family" as used herein shall mean any child, stepchild, or grandchild, any parent, stepparent, or grandparent, any spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, or any Spousal Equivalent (as defined below). As used herein, a person is deemed to be a spousal equivalent provided the individual: (i) is in an exclusive, continuous, committed relationship with the relevant Stockholder, has been in that relationship for the twelve (12) months prior to the relevant date and intends to be in that relationship indefinitely, (ii) no such relationship with any other person and is not married to any other person, (iii) shares a principal residence with the Optionee (other than as a tenant or employee), (iv) is at least eighteen (18) years of age and legally

and mentally competent to consent to contract, (v) is not related by blood to the Optionee to a degree of kinship that would prevent marriage from being recognized under the law of the state in which the individual and the Optionee legally reside, and (vi) is jointly responsible with the Optionee for each other's common welfare and financial obligations; provided that the Optionee who wishes to transfer Shares to a Spousal Equivalent under this Section 5 or Section 6 below must provide proof of (i) a joint mortgage, (ii) a joint lease or (iii) a joint bank account, in each case held by both the Optionee and their Spousal Equivalent. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section, and there shall be no further transfer of such Shares except in accordance with the terms of this Section.

(g) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the earlier of (i) immediately prior to the Company's first firm commitment underwritten public offering of its securities pursuant to a registration statement under the Securities Act of 1933, as amended, or (ii) immediately prior to a Change in Control.

6. Restriction on Transfer. Notwithstanding anything in Section 5 to the contrary, the Holder may not Transfer (as defined below) the Shares except in accordance with this Section 6.

(a) Restriction on Transfer. The Holder may not sell, assign, transfer, pledge, encumber or in any manner dispose of ("Transfer") any of the Shares, whether voluntarily or by operation of law, or by gift or otherwise, other than by means of a Permitted Transfer (as defined below). If any provision(s) of any agreement(s) currently in effect by and between the Company and the Holder (the "Stockholder Agreement(s)") conflicts with this Section 6(a), this Section 6(a) shall govern, and the remaining provision(s) of the Stockholder Agreement(s) that do not conflict with this Section 6(a) shall continue in full force and effect.

(b) Permitted Transfers. For purposes of this Section 6, a "Permitted Transfer" shall mean any of the following:

(i) any Transfer by the Holder of any or all of the Shares to the Company;

(ii) any Transfer by the Holder of any or all of the Shares to the Holder's Immediate Family or a trust for the benefit of the Holder or the Holder's Immediate Family;

(iii) any Transfer by the Holder of any or all of the Shares effected pursuant to the Holder's will or the laws of intestate succession;

(iv) any Transfer of Shares approved by the Board of Directors.

Notwithstanding the foregoing, if a Permitted Transfer is approved pursuant to subsection (iv) of this Section 6(b) and the Shares of the transferring party are subject to co-sale rights pursuant to a Stockholder Agreement (the "Co-Sale Rights"), the persons and/or entities entitled to the Co-Sale Rights shall be permitted to exercise their respective Co-Sale Rights in conjunction with that specific Permitted Transfer without any additional approval of the Board of Directors.

(c) Void Transfers. Any Transfer of Shares shall be null and void unless the terms, conditions and provisions of this Section 6 and Section 5 are strictly observed and followed.

(d) Termination of Restriction on Transfer. The foregoing restriction on transfer set forth in this Section 6 shall lapse upon the earlier of (i) immediately prior to the consummation of a Change in Control, or (ii) immediately prior to the Company's first firm commitment underwritten public offering of its securities pursuant to a registration statement under the Securities Act of 1933, as amended.

7. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition Or the Shares and that Optionee is not relying on the Company for any tax advice.

8. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COMPANY COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES AND IN THE BYLAWS OF THE ISSUER, COPIES OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop- Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, (if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Notice or (ii) to treat as owner of such Shares or to accord the right to

vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

9. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

10. Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by Optionee or by the Company forthwith to the Administrator which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on all parties.

11. Governing Law; Severability. This Exercise Notice is governed by the internal substantive laws but not the choice of law rules, of California. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Option Agreement will continue in full force and effect.

12. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

OPTIONEE

_____

[Name]

Residence Address:

TWILIO INC.

By: _____

Lee Kirkpatrick
Secretary

EXHIBIT B
INVESTMENT REPRESENTATION STATEMENT

OPTIONEE:

COMPANY: Twilio Inc.

SECURITY: Common Stock

AMOUNT: shares of Common Stock

DATE:

In connection with the purchase of the above-listed Securities, I, the undersigned Optionee, represent to the Company as follows:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. In this connection, Optionee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate: evidencing the Securities will be imprinted with any legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Optionee, the exercise will be exempt from registration under

the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption win be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

_____
Optionee's signature

Address of Optionee's Principal Residence:

EXHIBIT C-1

TWILIO INC.
2008 STOCK OPTION PLAN
RESTRICTED STOCK PURCHASE AGREEMENT

(Early Exercise Option)

THIS RESTRICTED STOCK PURCHASE AGREEMENT is made between (the "Purchaser") and Twilio Inc. (the "Company"), as of .

Unless otherwise defined herein, the terms defined in the 2008 Stock Plan shall have the same defined meanings in this Agreement.

RECITALS

(1) Pursuant to the exercise of the Option granted to Purchaser under the Company's 2008 Stock Option Plan and pursuant to the Stock Option Agreement (the "Option Agreement") dated , by and between the Company and Purchaser with respect to such grant, which Plan and Option Agreement is hereby incorporated by reference, Purchaser has elected to purchase of those shares which have not become vested under the vesting schedule set forth in the Option Agreement ("Unvested Shares"). The Unvested Shares and the shares subject to the Option Agreement which have become vested are sometimes collectively referred to herein as the "Shares."

(2) As required by the Option Agreement, as a condition to Purchaser's election to exercise the option, Purchaser must execute this Restricted Stock Purchase Agreement, which sets forth the rights and obligations of the parties with respect to Shares acquired upon exercise of the Option.

1. Repurchase Option.

(a) If Purchaser ceases to be a Service Provider (as defined in the Company's 2008 Stock Option Plan) for any reason, including for cause, death, or Disability, the Company shall have the right and option to purchase from Purchaser, or Purchaser's personal representative, as the case may be, all of Purchaser's Unvested Shares at the exercise price paid by Purchaser for such Shares in connection with the exercise of the Option (the "Repurchase Option").

(b) Unless the Company notifies Purchaser within 90 days from the date of termination of Purchaser's employment or consulting relationship that it does not intend to exercise its Repurchase Option with respect to some or all of the Shares, the Repurchase Option shall be deemed automatically exercised by the Company as of the 90th day following such termination, provided that the Company may notify Purchaser that it is exercising its Repurchase Option as of a date prior to such 90th day. Unless Purchaser is otherwise notified by the Company pursuant to the preceding

sentence that the Company does not intend to exercise its Repurchase Option as to some or all of the Shares to which it applies at the time of termination, execution of this Agreement by Purchaser constitutes written notice to Purchaser of the Company's intention to exercise its Repurchase Option with respect to all Shares to which such Repurchase Option applies. Upon such ninetieth (90th) day, the rights of Purchaser with respect to such Shares shall be solely to receive cash therefore. The closing of the repurchase shall take place at the Company's office. At the closing, the holder of the certificates for the Unvested Shares being transferred shall deliver the stock certificate or certificates evidencing the Unvested Shares, and the Company shall deliver the purchase price therefor. At the closing, the Company shall become the legal and beneficial owner of the Unvested Shares being repurchased and the rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Unvested Shares being repurchased by the Company.

(c) Whenever the Company shall have the right to repurchase Unvested Shares hereunder, the Company may designate and assign one or more employees, officers, directors or stockholders of the Company or other persons or organizations to exercise all or a part of the Company's Repurchase Option under this Agreement and purchase all or a part of such Unvested Shares.

(d) At its option, the Company may elect to make payment for the Unvested Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Purchaser stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(e) If the Company gives Purchaser notice that it does not elect to exercise the Repurchase Option conferred above, the Repurchase Option shall terminate.

(f) One hundred percent (100%) of the Unvested Shares shall initially be subject to the Repurchase Option. The Unvested Shares shall be released from the Repurchase Option in accordance with the Vesting Schedule set forth in the Notice of Grant until all Shares are released from the Repurchase Option. Fractional Shares shall be rounded to the nearest whole share.

2. Transferability of the Shares; Escrow.

(a) Purchaser hereby authorizes and directs the secretary of the Company, or such other person designated by the Company from time to time, to transfer the Unvested Shares as to which the Repurchase Option has been exercised from Purchaser to the Company.

(b) To ensure the availability for delivery of Purchaser's Unvested Shares upon repurchase by the Company pursuant to the Repurchase Option under Section 1, Purchaser hereby appoints the assistant secretary, or any other person designated by the Company from time to time as escrow agent, as its attorney-in-fact to sell, assign and transfer unto the Company, such Unvested Shares, if any, repurchased by the Company pursuant to the Repurchase Option and shall, upon execution of this Agreement, deliver and deposit with the assistant secretary of the Company, or such other person designated by the Company from time to time, the share certificate(s) representing the Unvested Shares, together with the stock assignment duly endorsed in blank, attached hereto as

Exhibit C-2. The Unvested Shares and stock assignment shall be held by the assistant secretary in escrow, pursuant to the Joint Escrow Instructions of the Company and Purchaser attached as Exhibit C-3 hereto, until the Company exercises its Repurchase Option as provided in Section 1, until such Unvested Shares are vested, or until such time as this Agreement no longer is in effect. Upon vesting of the Unvested Shares, the escrow agent shall promptly deliver to Purchaser the certificate or certificates representing such Shares in the escrow agent's possession belonging to Purchaser, and the escrow agent shall be discharged of all further obligations hereunder; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as escrow agent if so required pursuant to other restrictions imposed pursuant to this Agreement.

(c) The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

(d) Transfer or sale of the Shares is subject to restrictions on transfer imposed by any applicable state and federal securities laws, the Company's bylaws and as set forth in Sections 5 and 6 of the Exercise Notice (collectively, the "Transfer Restrictions"). Any transferee shall hold such Shares subject to all the provisions hereof and the Exercise Notice executed by Purchaser with respect to any Unvested Shares purchased by Purchaser and shall acknowledge the same by signing a copy of this Agreement. Any transfer or attempted transfer of any of the Shares not in accordance with the terms of this Agreement and all Transfer Restrictions shall be void and the Company may enforce the terms of this Agreement by stop transfer instructions or similar actions by the Company and its agents or designees.

3. Ownership, Voting Rights, Duties. This Agreement shall not affect in any way the ownership, voting rights or other rights or duties of Purchaser, except as specifically provided herein.

4. Legends. The share certificate evidencing the Shares issued hereunder shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND RIGHTS OF REPURCHASE AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER AND IN THE BYLAWS OF THE ISSUER, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE COMPANY.

5. Adjustment for Stock Split. All references to the number of Shares and the purchase price of the Shares in this Agreement shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the Shares which may be made by the Company after the date of this Agreement.

6. Notices. Notices required hereunder shall be given in person or by registered mail to the address of Purchaser shown on the records of the Company, and to the Company at its principal

executive office.

7. Survival of Terms. This Agreement shall apply to and bind Purchaser and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Section 83(b) Elections.

(a) Election for Unvested Shares Purchased Pursuant to a Non-Qualified Stock Option. Purchaser hereby acknowledges that he or she has been informed that, with respect to the exercise of a Non-Qualified Stock Option for Unvested Shares, that unless an election is filed by Purchaser with the Internal Revenue Service and, if necessary, the proper state taxing authorities, within thirty (30) days of the purchase of the Shares, electing pursuant to Section 83(b) of the Code (and similar state tax provisions if applicable) to be taxed currently on any difference between the purchase price of the Shares and their Fair Market Value on the date of purchase, there will be a recognition of taxable income to the Purchaser, measured by the excess, if any, of the fair market value of the Shares, at the time the Company's Repurchase Option lapses over the purchase price for the Shares. Purchaser represents that Purchaser has consulted any tax consultant(s) Purchaser deems advisable in connection with the purchase of the Shares or the filing of the Election under Section 83(b) and similar tax provisions.

(b) Election for Unvested Shares Purchased Pursuant to an Incentive Stock Option. Purchaser hereby acknowledges that he or she has been informed that, with respect to the exercise of an Incentive Stock Option for Unvested Shares, that unless an election is filed by Purchaser with the Internal Revenue Service and, if necessary, the proper state taxing authorities, within thirty (30) days of the purchase of the Shares, electing pursuant to Section 83(b) of the Code (and similar state tax provisions if applicable) to be taxed currently on any difference between the purchase price of the Shares and their Fair Market Value on the date of purchase, there will be a recognition of income to the Purchaser, for alternative minimum tax purposes, measured by the excess, if any, of the fair market value of the Shares at the time the Company's Repurchase Option lapses over the purchase price for the Shares. Purchaser represents that Purchaser has consulted any tax consultant(s) Purchaser deems advisable in connection with the purchase of the Shares or the filing of the Election under Section 83(b) and similar tax provisions.

PURCHASER ACKNOWLEDGES THAT IT IS PURCHASER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b) AND TO GIVE THE COMPANY A COPY THEREOF, EVEN IF PURCHASER REQUESTS THE COMPANY OR ITS REPRESENTATIVE TO MAKE THIS FILING ON PURCHASER'S BEHALF.

9. Representations. Purchaser has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Purchaser is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Purchaser understands that Purchaser (and not the Company) shall be responsible for his or her own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

10. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

Purchaser represents that he or she has read this Agreement and is familiar with its terms and provisions. Purchaser hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

TWILIO INC.

By: _____

Lee Kirkpatrick
Secretary

PURCHASER

By: _____

Name: _____

Address:

EXHIBIT C-2

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, , hereby sell, assign and transfer unto ( ) shares of the Common Stock of Twilio Inc. registered in my name on the books of said corporation represented by Certificate No. herewith and do hereby irrevocably constitute and appoint to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Assignment Separate from Certificate may be used only in accordance with the Restricted Stock Purchase Agreement between Twilio Inc. and the undersigned dated .

Dated: _____

Signature: _____

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise the Repurchase Option, as set forth in the Restricted Stock Purchase Agreement, without requiring additional signatures on the part of Purchaser.

EXHIBIT C-3

JOINT ESCROW INSTRUCTIONS

Lee Kirkpatrick
Twilio Inc.
645 Harrison Street, 3rd Floor
San Francisco CA 94107

As Escrow Agent for both Twilio Inc. (the "Company") and the undersigned purchaser of stock of the Company (the "Purchaser"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Purchase Agreement ("Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the Company and/or any assignee of the Company (referred to collectively for convenience herein as the "Company") exercises the Company's Repurchase Option set forth in the Agreement, the Company shall give to Purchaser and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the principal office of the Company. Purchaser and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares being transferred, and (c) to deliver the same, together with the certificate evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, a check, or a combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's Repurchase Option.

3. Purchaser irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. Purchaser does hereby irrevocably constitute and appoint you as Purchaser's attorney-in-fact and agent for the term of this escrow to execute, with respect to such securities, all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3, Purchaser shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of Purchaser, but no more than once per calendar year, unless the Company's Repurchase Option has been exercised, you will deliver to Purchaser a certificate or certificates representing the number of shares of stock as are not then subject to the Company's Repurchase Option. Within one hundred twenty (120) days after Purchaser ceases to be a Service Provider, you will deliver to Purchaser a certificate or certificates representing the

aggregate number of shares held or issued pursuant to the Agreement and not purchased by the Company or its assignees pursuant to exercise of the Company's Repurchase Option.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Purchaser, you shall deliver all of the same to Purchaser and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Purchaser while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the expiration of any rights under any applicable state, federal or local statute of limitations or similar statute or regulation with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor.

12. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of any such termination, the Company shall appoint a successor Escrow Agent.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at such addresses as a party may designate by written notice to each of the other parties hereto.

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. These Joint Escrow Instructions shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding that body of law pertaining to conflicts of law.

(Signature Page Follows)

IN WITNESS WHEREOF, these Joint Escrow Instructions shall be effective as of the date first set forth above.

TWILIO INC.

By: _____
Lee Kirkpatrick
Secretary

PURCHASER:

By: _____

Name: _____

Address:

ESCROW AGENT:

By: _____

Name: _____

Title: _____

ELECTION UNDER SECTION 83(b)
OF THE INTERNAL REVENUE CODE OF 1986

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code, to include in taxpayer's gross income or alternative minimum taxable income, as applicable, for the current taxable year, the amount of any income that may be taxable to taxpayer in connection with taxpayer's receipt of the property described below:

1. The name, address, taxpayer identification number and taxable year of the undersigned are as follows:

NAME OF TAXPAYER:

ADDRESS: «Address»

IDENTIFICATION NO. OF TAXPAYER:

TAXABLE YEAR:

2. The property with respect to which the election is made is described as follows:

shares of the Common Stock of Twilio, Inc., a Delaware corporation (the "Company").

3. The date on which the property was transferred is:

4. The property is subject to the following restrictions:

Repurchase option at cost in favor of the Company upon termination of taxpayer's employment or consulting relationship.

5. The fair market value at the time of transfer, determined without regard to any restriction other than a restriction which by its terms will never lapse, of such property is: $

6. The amount (if any) paid for such property: $

The undersigned has submitted a copy of this statement to the person for whom the services were performed in connection with the undersigned's receipt of the above-described property. The transferee of such property is the person performing the services in connection with the transfer of said property.

The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner.

Dated: _____ Signed: _____

TWILIO INC.
2008 STOCK OPTION PLAN, AS AMENDED AND RESTATED
RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the 2008 Stock Option Plan, as amended and restated shall have the same meanings in the Restricted Stock Unit Award Agreement.

I. **NOTICE OF RESTRICTED STOCK UNIT GRANT**

Name:

Address:

Pursuant to the 2008 Stock Option Plan, as amended and restated (the "Plan"), the undersigned grantee ("Grantee") has been granted Restricted Stock Units, subject to the terms and conditions of the Plan and this Restricted Stock Unit Award Agreement (this "Agreement"), as follows:

Date of Grant

Vesting Commencement Date

Total Number of Restricted Stock Units Granted ("RSUs")

Expiration Date [*7 years from Date of Grant*]

Time Vesting Schedule: The first 25% of the RSUs shall time-vest on the first to occur of March 15, June 15, September 15 or December 15 (or the first business day after such date if such date is not a business day) on or following the first anniversary of the Vesting Commencement Date if the Grantee continues as a Service Provider through such date (the "Cliff Date"). The remaining 75% of the RSUs shall time-vest in 12 equal quarterly installments following the Cliff Date if the Grantee continues as a Service Provider through each such date.

[Notwithstanding the foregoing and anything contrary in the Plan, in the event of a Change in Control that occurs while the Grantee is a Service Provider, to the extent the successor corporation in such Change in Control refuses to assume or substitute for these RSUs, then the time-vesting shall be deemed 100% satisfied with respect to the RSUs.]

Performance Vesting Condition: The first to occur of a Change in Control or an IPO.

II. **AGREEMENT**

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any Shares issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (a) the Restricted Stock Units have vested as provided in Section II.2. of this Agreement and (b)

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shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting and Settlement of RSUs.

(a) Vesting Conditions. The RSUs are subject to both a time vesting schedule as set forth in Section I (the "Time Condition") and performance vesting condition as set forth in Section I (the "Performance Vesting"), both of which must be satisfied prior to the Expiration Date before an RSU will be deemed vested and may be settled in accordance with this Agreement.

(b) Vesting Date. Each date as of which both the Time Condition and Performance Vesting described above have been satisfied with respect to an RSU shall be referred to as a "Vesting Date." No Vesting Date shall occur after the Expiration Date. To the extent an RSU has not satisfied both the Time Condition and the Performance Vesting, such RSU shall expire and be of no further force or effect on the Expiration Date. The Company shall not issue any fraction of a Share under this Agreement, and any fraction of a Share resulting from a computation made pursuant to the Time Condition shall be rounded to the nearest whole Share (with any one-half Share being rounded upward).

(c) Termination of Service. If the Grantee ceases to be a Service Provider for any reason prior to the satisfaction of the Time Condition, any RSUs that have not satisfied the Time Condition as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited RSUs. Any RSUs that have satisfied the Time Condition as of the date that the Grantee ceases to be a Service Provider shall remain subject to the Performance Vesting set forth in Section I above, but shall expire and be of no further force or effect on the Expiration Date if no Vesting Date occurs prior to such Expiration Date.

(d) Settlement of RSUs. As soon as practicable following each Vesting Date, but in no event later than March 15th of the year following the calendar year in which the Vesting Date occurs, the Company shall issue to the Grantee the number of Shares equal to the number of RSUs that have satisfied the Time Condition and Performance Vesting on such Vesting Date.

(e) Additional Shares or Substituted Securities. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Shares, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of securities of the Company, the Grantee's RSUs may be adjusted pursuant to the Plan and the restrictions and conditions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Grantee.

(f) Part-Time Employment and Leaves of Absence. If the Grantee commences working on a part-time basis or if the Grantee's status as a Service Provider changes from that of an Employee, then the Company may adjust the time vesting schedule set forth in Section I. If the Grantee goes on a leave of absence, then the Company may adjust the time vesting schedule set forth in Section I in accordance with the Company's leave of absence policy or the terms of such leave.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan.

4. Tax Withholding. Regardless of any action that the Company takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Grantee's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company. The Grantee further acknowledges that the Company (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, without limitation, the grant, vesting, or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. The Grantee shall not make any claim against the Company or its Board, officers or employees related to Tax-Related Items arising from this Award or the Grantee's other compensation. Furthermore, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee will pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) payment by the Grantee to the Company; (ii) withholding from the Grantee's wages or other cash compensation paid to him or her by the Company; (iii) withholding from proceeds of the sale of Shares acquired upon vesting and settlement of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization); or (iv) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Grantee is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Grantee's participation in the Plan.

Finally, the Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Company.

5. Section 409A of the Code. This Award is intended to constitute a "short term deferral" for purposes of Section 409A of the Code to the greatest extent possible, and otherwise is intended to comply with Section 409A of the Code, and the Award will be administered and interpreted in accordance with that intent. To the extent that any provision of this Award Agreement is ambiguous as

to its exemption from, or compliance with, Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder are either exempt from, or comply with, Section 409A of the Code. Solely for purposes of Section 409A of the Code, each issuance of Shares on a vesting date shall be considered a separate payment. The Company makes no representation or warranty and shall have no liability to the Grantee or any other person if any provisions of this Award are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

6. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Grantee (a) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (b) waives any privacy rights the Grantee may have with respect to the Relevant Information; (c) authorizes the Relevant Companies to store and transmit such information in electronic form; and (d) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

7. Grantee's Representations. In the event any Shares acquired under this Award Agreement have not been registered under the Securities Act of 1933, as amended, the Grantee shall, if required by the Company, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit A.

8. Lock-up Period. Grantee hereby agrees that Grantee shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Grantee (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act plus such period of time (not to exceed thirty-five (35) days) as may be required by the Company or the underwriter to accommodate regulatory restrictions.

Grantee agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Grantee shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section shall not apply to a

registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180) day (plus up to thirty-five (35) additional days) period. Grantee agrees that any transferee of the Shares acquired pursuant to this Award Agreement shall be bound by this Section.

9. Company's Right of First Refusal. Subject to Section 10 hereof, before any Shares held by Grantee or any transferee (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares (ii) the name of each proposed purchaser or other transferee ("Proposed Transferee") (iii) the number of Shares to be transferred to each Proposed Transferee and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to anyone or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) Purchase Price. The purchase price ("Purchase Price") for the Shares purchased by the Company or its assignee(s) under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Shares to that Proposed

Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within one hundred twenty (120) days after the date of the Notice, that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the transfer of any or all of the Shares for no consideration during the Grantee's lifetime to a member of the Grantee's Immediate Family or a trust for the benefit of the Grantee and/or the Grantee's Immediate Family or on the Grantee's death by will or intestacy to the Grantee's beneficiary or estate shall be exempt from the provisions of this Section. "Immediate Family" as used herein shall mean any child, stepchild, or grandchild, any parent, stepparent, or grandparent, any spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, or any Spousal Equivalent (as defined below). As used herein, a person is deemed to be a "Spousal Equivalent" provided the individual: (i) is in an exclusive, continuous, committed relationship with the relevant Stockholder, has been in that relationship for the twelve (12) months prior to the relevant date and intends to be in that relationship indefinitely, (ii) no such relationship with any other person and is not married to any other person, (iii) shares a principal residence with the Grantee (other than as a tenant or employee), (iv) is at least eighteen (18) years of age and legally and mentally competent to consent to contract, (v) is not related by blood to the Grantee to a degree of kinship that would prevent marriage from being recognized under the law of the state in which the individual and the Grantee legally reside, and (vi) is jointly responsible with the Grantee for each other's common welfare and financial obligations; provided that the Grantee who wishes to transfer Shares to a Spousal Equivalent under this Section 9 or Section 10 below must provide proof of (A) a joint mortgage, (B) a joint lease or (C) a joint bank account, in each case held by both the Grantee and their Spousal Equivalent. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section, and there shall be no further transfer of such Shares except in accordance with the terms of this Section.

(g) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the earlier of (i) immediately prior to the

Company's first firm commitment underwritten public offering of its securities pursuant to a registration statement under the Securities Act of 1933, as amended, or (ii) immediately prior to a Change in Control.

10. Restriction on Transfer. Notwithstanding anything in Section 9 to the contrary, the Holder may not Transfer (as defined below) the Shares except in accordance with this Section 10.

(a) Restriction on Transfer. The Holder may not sell, assign, transfer, pledge, encumber or in any manner dispose of ("Transfer") any of the Shares, whether voluntarily or by operation of law, or by gift or otherwise, other than by means of a Permitted Transfer (as defined below). If any provision(s) of any agreement(s) currently in effect by and between the Company and the Holder (the "Stockholder Agreement(s)") conflicts with this Section 10(a), this Section 10(a) shall govern, and the remaining provision(s) of the Stockholder Agreement(s) that do not conflict with this Section 10(a) shall continue in full force and effect.

(b) Permitted Transfers. For purposes of this Section 10, a "Permitted Transfer" shall mean any of the following:

(i) any Transfer by the Holder of any or all of the Shares to the Company;

(ii) any Transfer by the Holder of any or all of the Shares to the Holder's Immediate Family or a trust for the benefit of the Holder or the Holder's Immediate Family;

(iii) any Transfer by the Holder of any or all of the Shares effected pursuant to the Holder's will or the laws of intestate succession; or

(iv) any Transfer of Shares approved by the Board.

Notwithstanding the foregoing, if a Permitted Transfer is approved pursuant to subsection (iv) of this Section 10(b) and the Shares of the transferring party are subject to co-sale rights pursuant to a Stockholder Agreement (the "Co-Sale Rights"), the persons and/or entities entitled to the Co-Sale Rights shall be permitted to exercise their respective Co-Sale Rights in conjunction with that specific Permitted Transfer without any additional approval of the Board.

(c) Void Transfers. Any Transfer of Shares shall be null and void unless the terms, conditions and provisions of this Section 10 and Section 9 are strictly observed and followed.

(d) Termination of Restriction on Transfer. The foregoing restriction on transfer set forth in this Section 10 shall lapse upon the earlier of (i) immediately prior to the consummation of a Change in Control, or (ii) immediately prior to the Company's first firm commitment underwritten public offering of its securities pursuant to a registration statement under the Securities Act of 1933, as amended.

11. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of his or her purchase or disposition of the Shares. The Grantee represents that he or she has consulted with any tax consultants that he or she deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

12. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COMPANY COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES AND IN THE BYLAWS OF THE ISSUER, COPIES OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop- Transfer Notices. The Grantee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, (if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

13. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and

assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

14. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or by the Company forthwith to the Administrator which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on all parties.

15. Entire Agreement. The Plan is incorporated herein by reference. This Agreement, the Plan, the Award Agreement and the Investment Representation Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee.

16. Governing Law. This agreement is governed by the internal substantive laws but not the choice of law rules of California.

17. No Guarantee of Continued Service. The Grantee acknowledges and agrees that the time-based vesting pursuant to the vesting schedule hereof is earned only by continuing as a Service Provider at the will of the Company (not through the act of being hired, being granted this Award or acquiring Shares hereunder). The Grantee further acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as a Service Provider for the vesting period, for any period, or at all, and shall not interfere in any way with the Grantee's right or the Company's right to terminate the Grantee's relationship as a Service Provider at any time, with or without cause. Nothing herein alters the "at will" nature of Grantee's service with the Company.

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The Grantee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Award subject to all of the terms and provisions thereof. The Grantee has reviewed the Plan and this Award in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Agreement. Electronic acceptance pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable. The Grantee further agrees that the Company may deliver by email all documents relating to the Plan or this Award (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). The Grantee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company.

The Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Award Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated below.

GRANTEE

_____

Signature

Residence Address:

TWILIO INC.

By: _____

Lee Kirkpatrick
Secretary

EXHIBIT A
INVESTMENT REPRESENTATION STATEMENT

GRANTEE:

COMPANY: Twilio Inc.

SECURITY: Common Stock

AMOUNT: shares of Common Stock

DATE:

In connection with the purchase of the above-listed Securities, the undersigned Grantee represent to the Company as follows:

(a) Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. The Grantee is acquiring these Securities for investment for his or her own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) The Grantee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Grantee's investment intent as expressed herein. In this connection, Grantee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Grantee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Grantee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Grantee further acknowledges and understands that the Company is under no obligation to register the Securities. Grantee understands that the certificate: evidencing the Securities will be imprinted with any legend required under applicable state securities laws.

(c) Grantee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Restricted Stock Unit Award to the Grantee, the settlement will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale

being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Restricted Stock Unit Award, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144.

(d) Grantee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption win be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Grantee understands that no assurances can be given that any such other registration exemption will be available in such event.

Grantee's signature

Address of Grantee's Principal Residence:

Neither this document, nor any stock option agreement connected with it, is an approved prospectus for the purposes of section 85(1) of the Financial Services and Markets Act 2000 ("FSMA") and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the UK EMI Sub-Plan to the Twilio, Inc. 2008 Stock Option Plan (the "Sub-Plan"). The Sub-Plan is exclusively available to bona fide employees and former employees of Twilio, Inc, Twilio Europe Limited and any other UK Subsidiary.

UK EMI SUB-PLAN TO THE
TWILIO INCORPORATED
2008 STOCK OPTION PLAN

Additional Terms and Conditions for Options received by Optionees resident in the UK

1. The purpose of this Sub-Plan is to provide incentives for present and future UK tax resident employees of Twilio, Inc, Twilio Europe Limited and any other UK Subsidiary through the grant of options over shares of Common Stock of Twilio, Inc (the "Company").

2. Capitalized terms are defined in the Company's 2008 Stock Option Plan (the "Plan"), subject to the provisions of this Sub-Plan.

3. References to Incentive Stock Options and Nonstatutory Stock Options shall not apply to Options granted under the Sub-Plan.

4. The Options granted under this Sub-Plan shall either be designated as EMI Options or as Unapproved Options.

5. This Sub-Plan is governed by the Plan and all its provisions shall be identical to those of the Plan SAVE THAT (i) "Sub-Plan" shall be substituted for "Plan" where applicable and (ii) the following provisions shall be as stated in this Sub-Plan in order to accommodate the specific requirements of the laws of England and Wales:

1. SECTION 1. Purposes of the Plan.

This section shall be deleted in its entirety and replaced with the following:

"The purposes of this Stock Option Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Directors, and to promote the success of the Company's business. Options granted under the Plan may be EMI Options or Unapproved Options, as determined by the Administrator at the time of grant."

2. SECTION 2. Definitions.

(a) The following definitions shall be deleted without being replaced:

Consultant, Incentive Stock Option and Nonstatutory Stock Option.

(b) The following definitions shall be deleted and replaced with the following:

"Applicable Laws" means the requirements relating to the administration of stock option plans under the applicable laws of any country or jurisdiction where Options are granted under the Plan.

"Director" means a member of the Board who is an Employee.

"Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

"Service Provider" means an Employee.

(a) The following definitions shall be included:

"Data" means certain personal information about the Optionee, including, but not limited to, name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any stock, units or directorships held in the Company or any Subsidiary, details of all options or other entitlement to shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Optionee's favour.

"Data Recipients" means third parties assisting the Company in the implementation, administration, and management of the Plan.

"Disqualifying Event" shall have the meaning given to it in sections 534, 535 and 536 of ITEPA.

"Eligible Employee" means an Employee who fulfills the requirements of Part 4, Schedule 5 of ITEPA.

"EMI Option" means a qualifying EMI option which meets the requirements of Schedule 5 of ITEPA.

"ITEPA" means the Income Tax (Earnings and Pensions) Act 2003.

"Joint Election" means an election (in such terms and such form as provided in paragraphs 3A and 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992), which has been approved by HM Revenue & Customs for the transfer of the whole of or any liability of the Secondary Contributor for any Secondary NIC Liability.

"Option Tax Liability" means any liability or obligation of the Company and/or any Subsidiary to account (or pay) for income tax (under the UK withholding system of PAYE (pay as you earn)) or any other taxation provisions and primary class 1 National Insurance Contributions in the United Kingdom to the extent arising from the grant, exercise, assignment, release, cancellation or any other disposal of an Option or arising out of the acquisition, retention and disposal of the Shares acquired under this Plan.

"Personal Representative" means the personal representative(s) of an Optionee (being either the executors of his will or if he dies intestate the duly appointed administrator(s) of his estate) who have provided to the Board evidence of their appointment as such.

"Secondary Contributor" means a person or company who has a liability to account (or pay) the Secondary NIC Liability to HMRC.

"Secondary NIC Liability" means any liability to employer's Class 1 National Insurance Contributions to the extent arising from the grant, exercise, release

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cancellation of an Option or arising out of the acquisition, retention and disposal of the Shares acquired pursuant to an Option.

"Section 431 Election" means an election made under section 431 of ITEPA.

"Sub-Plan" means this UK EMI Sub-Plan to the Plan.

"Taxable Event" means any occasion on which an Option Tax Liability or Secondary NIC Liability arises in connection with an Option or any award of Stock under it.

"UK Subsidiary" means a Subsidiary of the Company which is incorporated in the UK.

"Unapproved Option" means an option over shares in the Company that is neither an HM Revenue & Customs approved company share option (under Schedule 4 ITEPA) nor an enterprise management incentive (EMI) option which meets the requirements of Schedule 5 ITEPA.

3. SECTION 3. Stock Subject to the Plan.

The first sentence of this section shall be deleted and replaced with the following:

"Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares that may be subject to option and sold **is defined in the Plan**."

4. SECTION 4. Administration of the Plan.

(a) Section 4 (b) (vii) shall be deleted in its entirety. The word "and" shall be added to the end of section 4 (b) (vi).

(b) Section 4 (b) (viii) shall be deleted and replaced with the following:

"construe and interpret the terms of the Plan and Options granted pursuant to the Plan."

(c) The following shall be inserted as a new section, section 4 (d):

"Tax Withholding. In the event that the Company or any Subsidiary determines that it is required to account to HM Revenue & Customs for any Option Tax Liability or Secondary NIC Liability (under the Option Agreement) arising from the grant, exercise, assignment, release, cancellation or any other disposal of an Option or arising out of the acquisition, retention and disposal of the shares acquired pursuant to the Option, the Optionee, as a condition to the issue of shares in connection with the exercise of an Option, or on the grant, assignment, release or cancellation of an Option, shall make such arrangements satisfactory to the Company to enable it or any Subsidiary to satisfy any requirement to account for any Option Tax Liability (and, if applicable, any Secondary NIC Liability) that may arise in connection with the Option or the award of Shares pursuant to it including, but not limited to, arrangements satisfactory to the Company for withholding Stock that would otherwise be issued pursuant to the Option Agreement to the Optionee."

5. SECTION 5. Eligibility.

This section shall be deleted and replaced with the following:

"Unapproved Options may be granted to Service Providers. EMI Options may be granted only to Eligible Employees."

6. SECTION 6. Limitations.

(a) Section 6 (a) shall be deleted and replaced with the following:

"EMI Option Limit. Each Option shall be designated in the Option Agreement as either an EMI Option or an Unapproved Option. If designated in the Notice of Stock Option Grant as an EMI Option, this Option is intended to qualify as an EMI Option. Nevertheless, to the extent that it exceeds the £250,000 limit included in part 2 of Schedule 5 of ITEPA (or such other limit for the time being in Part 2 of Schedule 5 of ITEPA), or for any other reason, fails in whole or in part to be an EMI Option, the Option or the lesser part will be treated as an Unapproved Option. In no event shall the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Optionee (or any other person) due to the failure of the Option to qualify for any reason as an EMI Option."

(b) The phrases "At Will" (in the section title) and "at any time, with or without cause, and with or without notice" (at the end of the section) shall be deleted from section 6 (b).

7. SECTION 7. Term of Plan.

This section shall be deleted and replaced with the following:

"The Plan shall become effective upon its approval by the Board. Unless sooner terminated under Section 14, it shall continue in effect until the termination of the Plan, upon which this Sub-Plan will automatically terminate."

8. SECTION 8. Term of Option.

The second sentence of this section shall be deleted.

9. SECTION 9. Option Exercise Price and Consideration.

(a) Section 9 (a) shall be deleted in its entirety and replaced with the following:

"The per share exercise price for the Shares to be issued upon exercise of an Option shall be such price as is determined by the Administrator, but shall be no less than 100% of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction."

(b) Section 9 (b) shall be deleted and replaced with the following:

"The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an EMI Option, shall be determined at the time of grant). Such consideration may consist of, without limitation, (1) cash, (2) cheque, (3) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, or (4) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company."

10. SECTION 10. Exercise of Options.

(a) In section 10 (a), the following changes shall be made:

(i) In the first paragraph, the phrase “and Consultants” shall be deleted, and in the same sentence, the word “and” inserted before the word “Director”.

(ii) In the first sentence of the second paragraph, the phrase “(ii) a signed Joint Election and signed Section 431 Election,” shall be inserted after the phrase “person entitled to exercise the Option”.

(iii) In the same sentence, the phrase “(including any Option Tax Liability and any Secondary NIC Liability)” shall be added after the phrase “which the Option is exercised”.

(b) Section 10 (d) shall be deleted and replaced with the following:

“If an Optionee dies while a Service Provider, the Option may be exercised within twelve (12) months following Optionee’s death (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement) by the Optionee’s Personal Representative only. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.”

11. SECTION 11. Limited Transferability of Options.

This section shall be deleted and replaced with the following:

“Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner and may be exercised during the lifetime of the Optionee, only by the Optionee. The Option may only be exercised by the Optionee’s Personal Representative on the death of the Optionee.”

12. SECTION 14. Amendment and Termination of the Plan.

Section 14 (b) shall be deleted.

13. SECTION 18. Shareholder Approval.

This section shall be deleted in its entirety.

TWILIO INC.

UK EMI SUB-PLAN TO THE 2008 STOCK OPTION PLAN
STOCK OPTION AGREEMENT—EARLY EXERCISE

Unless otherwise defined herein, the terms defined in the 2008 Stock Option Plan shall have the same defined meanings in this Stock Option Agreement—Early Exercise.

I. NOTICE OF STOCK OPTION GRANT

Name:

Address:

The undersigned Optionee has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Date of Grant[1]	—	
Vesting Commencement Date	Same as Date of Employment	
Exercise Price per Share		
Total Number of Shares Granted		
Total Exercise Price		
Type of Option	x	EMI Option
	o	Unapproved Option
Term/Expiration Date[2]		

Vesting Schedule:

This Option is exercisable, in whole or in part, according to the following schedule:

Twenty-five percent (25%) of the Shares subject to the Option shall vest twelve (12) months after the Vesting Commencement Date, and 1/48 of the Shares subject to the Option shall vest each month thereafter on the same day of the month as the Vesting Commencement Date, subject to Optionee continuing to be a Service Provider on such dates.

[1] The Date of Grant is the date the Stock Option Agreement is signed.
[2] For EMI Options, this date must not be later than the tenth anniversary of the Date of Grant.

Notwithstanding the foregoing and anything contrary in the Plan, to the extent the successor corporation in a merger or Change in Control refuses to assume or substitute for this Option, then the Optionee shall fully vest in and have the right to exercise this Option as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If this Option becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or Change in Control, the Administrator shall notify the Optionee in writing or electronically that this Option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and this Option shall terminate upon the expiration of such period.

Termination Period:

This Option shall be exercisable for three (3) months after Optionee ceases to be a Service Provider.[3] Upon Optionee’s death or Disability, this Option may be exercised for one (1) year after Optionee ceases to be a Service Provider. In no event may Optionee exercise this Option after the Term/Expiration Date as provided above.

II. AGREEMENT

1. Grant of Option. The Plan Administrator of the Company hereby grants to the Optionee named in the Notice of Grant (the "Optionee"), an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Stock Option Grant as an EMI Option, this Option is intended to qualify as an EMI Option. Nevertheless, to the extent that it exceeds the £250,000 limit included in part 2 of Schedule 5 of ITEPA (or such other limit for the time being in Part 2 of Schedule 5 of ITEPA), or for any other reason, fails in whole or in part to be an EMI Option, the Option or the lesser part will be treated as an Unapproved Option. In no event shall the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Optionee (or any other person) due to the failure of the Option to qualify for any reason as an EMI Option.

2. Exercise of Option. This Option shall be exercisable during its term as follows:

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[3] It should be noted that the full tax favoured treatment of an EMI Option will not be available if the Option is exercised after 40 days of ceasing to be a Service Provider.

(a) Right to Exercise.

(i) Subject to subsections 2(a)(ii) and 2(a)(iii) below, this Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Stock Option Grant. Alternatively, at the election of the Optionee, this Option may be exercised in whole or in part at any time as to Shares which have not yet vested. Vested Shares shall not be subject to the Company's repurchase right (as set forth in the Restricted Stock Purchase Agreement, attached hereto as Exhibit C-1).

(ii) As a condition to exercising this Option for unvested Shares, the Optionee shall execute the Restricted Stock Purchase Agreement.

(iii) This Option may not be exercised for a fraction of a Share.

Notice Concerning EMI Treatment: If this option is designated as an EMI Option it ceases to qualify for favourable tax treatment as an EMI Option to the extent it is exercised (i) more than 40 days after the date the Optionee ceases to be an Eligible Employee for any reason other than death (ii) more than 12 months after the date the Optionee ceases to be an Employee by reason of death or (iii) more than 40 days following any Disqualifying Event under sections 534, 535 or 536 of ITEPA.

Where indicated as such, this Option is intended to be an EMI Option. However, the Company, the persons administering the Sub-Plan, the relevant employing Company (or any of their respective employees or directors) do not make any warranty or representation that this Option will so qualify and will not be liable to you (or any other person) for any Option Tax Liability arising in connection with this Option as a result of the Option or part of the Option not qualifying or ceasing to qualify as an EMI Option.

(b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice, signed Joint Election and signed Section 431 Election, accompanied by the aggregate Exercise Price (and any Option Tax Liability and any Secondary NIC Liability).

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. In the event the Shares have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Lock-up Period. Optionee hereby agrees that Optionee shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Optionee (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act plus such period of time (not to exceed 35 days) as may be required by the Company or the underwriter to accommodate regulatory restrictions.

Optionee agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Optionee shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180) day (plus up to 35 additional days) period. Optionee agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any the following, or a combination thereof, at the election of the Optionee:

(a) cash or cheque; or

(b) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan.

6. Restrictions on Exercise. This Option may not be exercised if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.

7. Non-Transferability of Option and Shares. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be

binding upon the executors, administrators, heirs, successors and assigns of the Optionee. The Shares are subject to restrictions on transfer as set forth in the Company's bylaws and the Exercise Notice.

8. Term of Option. This Option may be exercised only within the term set out in the Notice of Grant, and maybe exercised during such term only in accordance with the Plan and the terms of this Option.

9. Tax Obligations.

(a) Withholding. In the event that the Company determines that it or any Subsidiary is required to account to HM Revenue & Customs for the Option Tax Liability and any Secondary NIC Liability or to withhold any other tax as a result of the exercise of this Option, the Optionee, as a condition to the exercise of the Option, shall make arrangements satisfactory to the Company to enable it or any Subsidiary to satisfy all withholding liabilities. The Optionee shall also make arrangements satisfactory to the Company to enable it to satisfy any withholding requirements that may arise in connection with the vesting or disposition of Shares purchased by exercising this Option.

(b) Tax Consultation. Optionee understands that he or she may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that he or she will consult with any tax advisors Optionee deems appropriate in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company or any Affiliate for any tax advice.

(c) Section 431 Election. As a further condition of the exercise of this Option, the Optionee shall have signed a Section 431 Election in the form set out in Exhibit C-4 or in such other form as may be determined by HM Revenue & Customs from time to time.

(d) Employer's National Insurance Charges. As a further condition of the exercise of an Option under the Plan the Optionee shall join with the Company or any other company or person who is or becomes a Secondary Contributor in making a Joint Election which has been approved by HM Revenue & Customs, for the transfer of the whole or any Secondary NIC Liability.

(e) Optionee's Tax Indemnity.

(i) Indemnity. To the extent permitted by law, the Optionee hereby agrees to indemnify and keep indemnified the Company, and the Company as trustee for and on behalf of any related corporation, for any Option Tax Liability and Secondary NIC Liability.

(ii) No Obligation to Issue Shares. The Company shall not be obliged to allot and issue any Shares or any interest in Shares pursuant to the exercise of this Option unless and until the Optionee has paid to the Company such sum as is, in the opinion of the Company, sufficient to indemnify the Company in full against the Option Tax Liability and the Secondary NIC Liability,

or the Optionee has made such other arrangement as in the opinion of the Company will ensure that the full amount of any Option Tax Liability and any Secondary NIC Liability will be recovered from the Optionee within such period as the Company may then determine.

(iii) Right of Retention. In the absence of any such other arrangement being made, the Company shall have the right to retain out of the aggregate number of shares to which the Optionee would have otherwise been entitled upon the exercise of this Option, such number of Shares as, in the opinion of the Company, will enable the Company to sell as agent for the Optionee (at the best price which can reasonably expect to be obtained at the time of the sale) and to pay over to the Company sufficient monies out of the net proceeds of sale, after deduction of all fees, commissions and expenses incurred in relation to such sale, to satisfy the Optionee's liability under such indemnity.

10. Data protection. By entering into this Option Agreement, and as a condition of the grant of the Option, Optionee consents to the collection, use, and transfer of personal data as described in this paragraph to the full extent permitted by and in full compliance with applicable laws.

(a) Optionee understands that the Company and its Subsidiaries hold Data about the Optionee for the purpose of managing and administering the Plan.

(b) Optionee further understands that the Company and/or its Subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration, and management of Optionee's participation in the Plan, and that the Company and/or its Subsidiary may each further transfer Data to any Data Recipients.

(c) Optionee understands that these Data Recipients may be located in Optionee's country of residence or elsewhere, such as the United States. Optionee authorises the Data Recipients to receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing Optionee's participation in the Plan, including any transfer of such Data, as may be required for the administration of the Plan and/or the subsequent holding of Shares on Optionee's behalf, to a broker or third party with whom the Shares acquired on exercise may be deposited. Where the transfer is to be to a destination outside the European Economic Area, the Company shall take reasonable steps to ensure that the Optionee's personal data continues to be adequately protected and securely held.

(d) Optionee understands that Optionee may, at any time, review the Data, request that any necessary amendments be made to it, or withdraw Optionee's consent herein in writing by contacting the Company. Optionee further understands that withdrawing consent may affect Optionee's ability to participate in the Plan.

11. Additional terms. Optionee has no right to compensation or damages for any loss in respect of the Option where such loss arises (or is claimed to arise), in whole or in part, from the termination of Optionee's employment; or notice to terminate employment given by or to Optionee.

This exclusion of liability shall apply however termination of employment, or the giving of notice, is caused other than in a case where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Optionee's employment amounted to unfair or constructive dismissal of Optionee and however compensation or damages may be claimed.

Optionee has no right to compensation or damages for any loss in respect of an Option where such loss arises (or is claimed to arise), in whole or in part, from any company ceasing to be a Subsidiary of the Company; or the transfer of any business from a Subsidiary of the Company to any person which is not a Subsidiary of the Company. This exclusion of liability shall apply however the change of status of the relevant company, or the transfer of the relevant business, is caused, and however compensation or damages may be claimed.

12. Entire Agreement; Governing Law. The Plan, Joint Election and Section 431 Election are incorporated herein by reference. The Plan, Joint Election, Section 431 Election and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the internal substantive laws but not the choice of law rules of California. The Joint Election and the Section 431 Election are governed by the laws of England and Wales.

13. No Guarantee of Continued Service. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING EMPLOYED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED EMPLOYMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

This Agreement has been executed and delivered as a deed on the date set out below.

Dated: _____

SIGNED as a DEED
BY TWILIO, INC.

acting by the under-mentioned)
person(s) acting on the authority of)
the Company in accordance with the)
laws of the territory of its incorporation:)

Authorised signatory

SIGNED as a DEED)
by [insert name of Optionee])
in the presence of:

Witness signature:

Name:

Address:

Occupation:

Optionee Residence address:

EXHIBIT A

UK EMI SUB-PLAN TO THE 2008 STOCK OPTION PLAN

EXERCISE NOTICE

Twilio Inc.
645 Harrison Street, 3rd Floor
San Francisco CA 94107

Attention: Lee Kirkpatrick

1. Exercise of Option. Effective as of today, , , the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase shares of the Common Stock (the "Shares") of Twilio Inc. (the "Company") under and pursuant to the UK EMI Sub-Plan to the 2008 Stock Option Plan (the "Plan") and the Stock Option Agreement dated [ ] (the "Option Agreement").

2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares (and any Option Tax Liability and any Secondary NIC Liability), as set forth in the Option Agreement, and any and all withholding taxes due in connection with the exercise of the Option.

3. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Shareholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares shall be issued to the Optionee as soon as practicable after the Option is exercised in accordance with the Option Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in Section 12 of the Plan.

5. Company's Right of First Refusal. Subject to Section 6 hereof, before any Shares held by Optionee or any transferee (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares (ii) the name of each proposed purchaser or other transferee ("Proposed Transferee") (iii) the number of Shares to be transferred to each Proposed Transferee and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to anyone or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) Purchase Price. The purchase price ("Purchase Price") for the Shares purchased by the Company or its assignee(s) under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board of Directors of the Company in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by cheque), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within 120 days after the date of the Notice, that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the transfer of any or all of the Shares for no consideration during the Optionee's lifetime to a member of the Optionee's Immediate Family or a trust for the benefit of the Optionee and/or the Optionee's Immediate Family or on the Optionee's death by will or intestacy to the Optionee's beneficiary or estate shall be exempt from the provisions of this Section. "Immediate Family" as used herein shall mean any child, stepchild, or grandchild, any parent, stepparent, or

grandparent, any spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, or any Spousal Equivalent (as defined below). As used herein, a person is deemed to be a spousal equivalent provided the individual: (i) is in an exclusive, continuous, committed relationship with the relevant Stockholder, has been in that relationship for the twelve (12) months prior to the relevant date and intends to be in that relationship indefinitely, (ii) no such relationship with any other person and is not married to any other person, (iii) shares a principal residence with the Optionee (other than as a tenant or employee), (iv) is at least eighteen (18) years of age and legally and mentally competent to consent to contract, (v) is not related by blood to the Optionee to a degree of kinship that would prevent marriage from being recognized under the law of the state in which the individual and the Optionee legally reside, and (vi) is jointly responsible with the Optionee for each other's common welfare and financial obligations; provided that the Optionee who wishes to transfer Shares to a Spousal Equivalent under this Section 5 or Section 6 below must provide proof of (i) a joint mortgage, (ii) a joint lease or (iii) a joint bank account, in each case held by both the Optionee and their Spousal Equivalent. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section, and there shall be no further transfer of such Shares except in accordance with the terms of this Section.

(g) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the earlier of (i) immediately prior to the Company's first firm commitment underwritten public offering of its securities pursuant to a registration statement under the Securities Act of 1933, as amended, or (ii) immediately prior to a Change in Control.

6. Restriction on Transfer. Notwithstanding anything in Section 5 to the contrary, the Holder may not Transfer (as defined below) the Shares except in accordance with this Section 6.

(a) Restriction on Transfer. The Holder may not sell, assign, transfer, pledge, encumber or in any manner dispose of ("Transfer") any of the Shares, whether voluntarily or by operation of law, or by gift or otherwise, other than by means of a Permitted Transfer (as defined below). If any provision(s) of any agreement(s) currently in effect by and between the Company and the Holder (the "Stockholder Agreement(s)") conflicts with this Section 6(a), this Section 6(a) shall govern, and the remaining provision(s) of the Stockholder Agreement(s) that do not conflict with this Section 6(a) shall continue in full force and effect.

(b) Permitted Transfers. For purposes of this Section 6, a "Permitted Transfer" shall mean any of the following:

(i) any Transfer by the Holder of any or all of the Shares to the Company;

(ii) any Transfer by the Holder of any or all of the Shares to the Holder's Immediate Family or a trust for the benefit of the Holder or the Holder's Immediate Family;

(iii) any Transfer by the Holder of any or all of the Shares effected pursuant to the Holder's will or the laws of intestate succession;

(iv) any Transfer of Shares approved by the Board of Directors.

Notwithstanding the foregoing, if a Permitted Transfer is approved pursuant to subsection (iv) of this Section 6(b) and the Shares of the transferring party are subject to co-sale rights pursuant to a Stockholder Agreement (the "Co-Sale Rights"), the persons and/or entities entitled to the Co-Sale Rights shall be permitted to exercise their respective Co-Sale Rights in conjunction with that specific Permitted Transfer without any additional approval of the Board of Directors.

(c) Void Transfers. Any Transfer of Shares shall be null and void unless the terms, conditions and provisions of this Section 6 and Section 5 are strictly observed and followed.

(d) Termination of Restriction on Transfer. The foregoing restriction on transfer set forth in this Section 6 shall lapse upon the earlier of (i) immediately prior to the consummation of a Change in Control, or (ii) immediately prior to the Company's first firm commitment underwritten public offering of its securities pursuant to a registration statement under the Securities Act of 1933, as amended.

7. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition Or the Shares and that Optionee is not relying on the Company for any tax advice.

8. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COMPANY COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES AND IN THE BYLAWS OF THE ISSUER, COPIES OF WHICH MAY BE

OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop- Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, (if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Notice or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

9. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

10. Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by Optionee or by the Company forthwith to the Administrator which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on all parties.

11. Governing Law; Severability. This Exercise Notice is governed by the internal substantive laws but not the choice of law rules, of California. The Joint Election and Section 431 Election shall be governed by the laws of England and Wales. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Option Agreement will continue in full force and effect.

12. Entire Agreement. The Plan, Joint Election, Section 431 Election and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan, the Option Agreement, the Joint Election, the Section 431 Election and the Investment Representation Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

OPTIONEE

_____

Signature

Residence Address :

TWILIO INC.

By: _____

Lee Kirkpatrick
Secretary

EXHIBIT B
INVESTMENT REPRESENTATION STATEMENT

OPTIONEE:

COMPANY: Twilio Inc.

SECURITY: Common Stock

AMOUNT:

DATE:

In connection with the purchase of the above-listed Securities, I, the undersigned Optionee, represent to the Company as follows:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. In this connection, Optionee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate: evidencing the Securities will be imprinted with any legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the

satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption win be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

_____

Optionee's signature

Address of Optionee's Principal Residence:

EXHIBIT C-1

TWILIO INC.
2008 STOCK OPTION PLAN
RESTRICTED STOCK PURCHASE AGREEMENT

(Early Exercise Option)

THIS RESTRICTED STOCK PURCHASE AGREEMENT is made between (the "Purchaser") and Twilio Inc. (the "Company"), as of .

Unless otherwise defined herein, the terms defined in the 2008 Stock Plan shall have the same defined meanings in this Agreement.

RECITALS

(1) Pursuant to the exercise of the Option granted to Purchaser under the Company's 2008 Stock Option Plan and pursuant to the Stock Option Agreement (the "Option Agreement") dated DATE, by and between the Company and Purchaser with respect to such grant, which Plan and Option Agreement is hereby incorporated by reference, Purchaser has elected to purchase of those shares which have not become vested under the vesting schedule set forth in the Option Agreement ("Unvested Shares"). The Unvested Shares and the shares subject to the Option Agreement which have become vested are sometimes collectively referred to herein as the "Shares."

(2) As required by the Option Agreement, as a condition to Purchaser's election to exercise the option, Purchaser must execute this Restricted Stock Purchase Agreement, which sets forth the rights and obligations of the parties with respect to Shares acquired upon exercise of the Option.

1. Repurchase Option.

(a) If Purchaser ceases to be a Service Provider (as defined in the Company's 2008 Stock Option Plan) for any reason, including for cause, death, or Disability, the Company shall have the right and option to purchase from Purchaser, or Purchaser's personal representative, as the case may be, all of Purchaser's Unvested Shares at the exercise price paid by Purchaser for such Shares in connection with the exercise of the Option (the "Repurchase Option").

(b) Unless the Company notifies Purchaser within 90 days from the date of termination of Purchaser's employment or consulting relationship that it does not intend to exercise its Repurchase Option with respect to some or all of the Shares, the Repurchase Option shall be deemed automatically exercised by the Company as of the 90th day following such termination, provided that the Company may notify Purchaser that it is exercising its Repurchase Option as of a date prior to such 90th day. Unless Purchaser is otherwise notified by the Company pursuant to the preceding sentence that the Company does not intend to exercise its Repurchase Option as to some or all of the Shares to which it applies at the time of termination, execution of this Agreement by Purchaser

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constitutes written notice to Purchaser of the Company's intention to exercise its Repurchase Option with respect to all Shares to which such Repurchase Option applies. Upon such ninetieth (90th) day, the rights of Purchaser with respect to such Shares shall be solely to receive cash therefore. The closing of the repurchase shall take place at the Company's office. At the closing, the holder of the certificates for the Unvested Shares being transferred shall deliver the stock certificate or certificates evidencing the Unvested Shares, and the Company shall deliver the purchase price therefore. At the closing, the Company shall become the legal and beneficial owner of the Unvested Shares being repurchased and the rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Unvested Shares being repurchased by the Company.

(c) Whenever the Company shall have the right to repurchase Unvested Shares hereunder, the Company may designate and assign one or more employees, officers, directors or stockholders of the Company or other persons or organizations to exercise all or a part of the Company's Repurchase Option under this Agreement and purchase all or a part of such Unvested Shares.

(d) At its option, the Company may elect to make payment for the Unvested Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Purchaser stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(e) If the Company gives Purchaser notice that it does not elect to exercise the Repurchase Option conferred above, the Repurchase Option shall terminate.

(f) One hundred percent (100%) of the Unvested Shares shall initially be subject to the Repurchase Option. The Unvested Shares shall be released from the Repurchase Option in accordance with the Vesting Schedule set forth in the Notice of Grant until all Shares are released from the Repurchase Option. Fractional Shares shall be rounded to the nearest whole share.

2. Transferability of the Shares; Escrow.

(a) Purchaser hereby authorizes and directs the secretary of the Company, or such other person designated by the Company from time to time, to transfer the Unvested Shares as to which the Repurchase Option has been exercised from Purchaser to the Company.

(b) To ensure the availability for delivery of Purchaser's Unvested Shares upon repurchase by the Company pursuant to the Repurchase Option under Section 1, Purchaser hereby appoints the assistant secretary, or any other person designated by the Company from time to time as escrow agent, as its attorney-in-fact to sell, assign and transfer unto the Company, such Unvested Shares, if any, repurchased by the Company pursuant to the Repurchase Option and shall, upon execution of this Agreement, deliver and deposit with the assistant secretary of the Company, or such other person designated by the Company from time to time, the share certificate(s) representing the Unvested Shares, together with the stock assignment duly endorsed in blank, attached hereto as

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Exhibit C-2. The Unvested Shares and stock assignment shall be held by the assistant secretary in escrow, pursuant to the Joint Escrow Instructions of the Company and Purchaser attached as Exhibit C-3 hereto, until the Company exercises its Repurchase Option as provided in Section 1, until such Unvested Shares are vested, or until such time as this Agreement no longer is in effect. Upon vesting of the Unvested Shares, the escrow agent shall promptly deliver to Purchaser the certificate or certificates representing such Shares in the escrow agent's possession belonging to Purchaser, and the escrow agent shall be discharged of all further obligations hereunder; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as escrow agent if so required pursuant to other restrictions imposed pursuant to this Agreement.

(c) The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

(d) Transfer or sale of the Shares is subject to restrictions on transfer imposed by any applicable state and federal securities laws, the Company's bylaws and as set forth in Sections 5 and 6 of the Exercise Notice (collectively, the "Transfer Restrictions"). Any transferee shall hold such Shares subject to all the provisions hereof and the Exercise Notice executed by Purchaser with respect to any Unvested Shares purchased by Purchaser and shall acknowledge the same by signing a copy of this Agreement. Any transfer or attempted transfer of any of the Shares not in accordance with the terms of this Agreement and all Transfer Restrictions shall be void and the Company may enforce the terms of this Agreement by stop transfer instructions or similar actions by the Company and its agents or designees.

3. Ownership, Voting Rights, Duties. This Agreement shall not affect in any way the ownership, voting rights or other rights or duties of Purchaser, except as specifically provided herein.

4. Legends. The share certificate evidencing the Shares issued hereunder shall be endorsed with the following legend (in addition to any legend required under applicable securities laws):

> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND RIGHTS OF REPURCHASE AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER AND IN THE BYLAWS OF THE ISSUER, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE COMPANY.

5. Adjustment for Stock Split. All references to the number of Shares and the purchase price of the Shares in this Agreement shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the Shares which may be made by the Company after the date of this Agreement.

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6. Notices. Notices required hereunder shall be given in person or by registered mail to the address of Purchaser shown on the records of the Company, and to the Company at its principal executive office.

7. Survival of Terms. This Agreement shall apply to and bind Purchaser and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Representations. Purchaser has reviewed with his or her own tax advisors the any applicable local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Purchaser is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Purchaser understands that Purchaser (and not the Company) shall be responsible for his or her own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

10. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

Purchaser represents that he or she has read this Agreement and is familiar with its terms and provisions. Purchaser hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

TWILIO INC.

By: _____

Lee Kirkpatrick
Secretary

PURCHASER

By: _____

Name: _____

Address:

EXHIBIT C-2

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, NAME, hereby sell, assign and transfer unto ( ) shares of the Common Stock of Twilio Inc. registered in my name on the books of said corporation represented by Certificate No. herewith and do hereby irrevocably constitute and appoint to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Assignment Separate from Certificate may be used only in accordance with the Restricted Stock Purchase Agreement between Twilio Inc. and the undersigned dated .

Dated: _____

Signature: _____

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise the Repurchase Option, as set forth in the Restricted Stock Purchase Agreement, without requiring additional signatures on the part of Purchaser.

EXHIBIT C-3

JOINT ESCROW INSTRUCTIONS

Lee Kirkpatrick
Twilio Inc.
645 Harrison Street, 3rd Floor
San Francisco CA 94107

As Escrow Agent for both Twilio Inc. (the "Company") and the undersigned purchaser of stock of the Company (the "Purchaser"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Purchase Agreement ("Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the Company and/or any assignee of the Company (referred to collectively for convenience herein as the "Company") exercises the Company's Repurchase Option set forth in the Agreement, the Company shall give to Purchaser and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the principal office of the Company. Purchaser and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares being transferred, and (c) to deliver the same, together with the certificate evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, a cheque, or a combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's Repurchase Option.

3. Purchaser irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. Purchaser does hereby irrevocably constitute and appoint you as Purchaser's attorney-in-fact and agent for the term of this escrow to execute, with respect to such securities, all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3, Purchaser shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of Purchaser, but no more than once per calendar year, unless the Company's Repurchase Option has been exercised, you will deliver to Purchaser a certificate or certificates representing the number of shares of stock as are not then subject to the Company's Repurchase Option. Within one hundred twenty (120) days after Purchaser ceases to

be a Service Provider, you will deliver to Purchaser a certificate or certificates representing the aggregate number of shares held or issued pursuant to the Agreement and not purchased by the Company or its assignees pursuant to exercise of the Company's Repurchase Option.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Purchaser, you shall deliver all of the same to Purchaser and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Purchaser while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the expiration of any rights under any applicable statute of limitations or similar statute or regulation with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefore.

12. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of any such termination, the Company shall appoint a successor Escrow Agent.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join

in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at such addresses as a party may designate by written notice to each of the other parties hereto.

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. These Joint Escrow Instructions shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding that body of law pertaining to conflicts of law.

(Signature Page Follows)

IN WITNESS WHEREOF, these Joint Escrow Instructions shall be effective as of the date first set forth above.

TWILIO INC.

By: _____
Lee Kirkpatrick
Secretary

PURCHASER:

By: _____

Name: _____

ESCROW AGENT:

By: _____

Name: _____

Title: _____

EXHIBIT C-4

SECTION 431 ELECTION

DATED 2012

TWILIO, INC.

and

TWILIO EUROPE LIMITED

and

OPTIONEE

JOINT ELECTION

---

5 New Street Square, London EC4A 3TW
Tel +44 (0)20 7300 7000
Fax +44 (0)20 7300 7100
DX 41 London
www.taylorwessing.com

TaylorWessing

JOINT ELECTION

THIS JOINT ELECTION is made on **2012**

BETWEEN

(1) **TWILIO, INC.** whose office is at 501 Folsom St. First Floor, San Francisco, California 94105, USA (the "Company"); and

(2) **TWILIO EUROPE LIMITED** registered in England and Wales with company number 07945978 whose registered office is at 5 New Street Square, London, United Kingdom, EC4A 3TW (the "Employer"); and

(3) **[INSERT NAME OF OPTIONEE]** of [**insert address of Optionee**] whose National Insurance number is [**insert National Insurance number**] (the "Optionee" which shall include his executors or administrators in the case of his death).

INTRODUCTION

(A) The Optionee may be granted options from time to time (each one an "Option") to acquire shares of the Common Stock of the Company (the "Shares") on terms to be set out in stock option agreements to be issued to the Optionee and which will be subject to the UK EMI sub-plan to the Twilio, Inc. 2008 Stock Option Plan (the "Plan").

(B) The grant of the Option may take place before or after the Optionee has executed this joint election (the "Joint Election"). The Joint Election is in an approved format. The exercise, cancellation, release, assignment or other disposal of an Option is subject to the Optionee entering into this Joint Election.

(C) The Optionee is currently an employee of the Employer.

(D) The exercise, release, cancellation, assignment or other disposal of an Option (a "Trigger Event") (whether in whole or in part), may result in the Employer or, if and to the extent that there is a change in law, any other company or person who becomes the secondary contributor for National Insurance contributions ("NIC") purposes at the time of such Trigger Event having a liability to pay employer's (secondary) Class I NICs (or any tax or social security premiums which may be introduced in substitution or in addition thereto) in respect of such Trigger Event.

(E) Where the context so admits, any reference in this Joint Election:

(i) to the singular number shall be construed as if it referred also to the plural number and vice versa;

(ii) to the masculine gender shall be construed as though it referred also to the feminine gender;

(iii) to a statute or statutory provision shall be construed as if it referred also to that statute or provision as for the time being amended or re-enacted; and

(iv) Shares means shares of the Common Stock of the Company.

AGREED TERMS

1. Joint Election

1.1 It is a condition of the exercise, cancellation, release, assignment or other disposal of an Option that the Optionee has entered into this Joint Election with the Employer.

1.2 The Optionee, the Company and the Employer elect to transfer the liability (the "Liability") for all of the employer's (Secondary) Class I NICs, referred to in (D) above and charged on payments or other benefits arising on a Trigger Event and treated as remuneration and earnings pursuant to section 4(4)(a) of the Social Security Contributions and Benefit Act 1992 ("SSCBA") to the Optionee. This Joint Election is made pursuant to an arrangement authorised by paragraph 3B, Schedule 1 of the SSCBA.

1.3 This Joint Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of the Social Security Contributions and Benefits Act 1992 or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

1.4 This Joint Election will not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part 7 of Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") (*employment income: securities with artificially depressed market value*).

2. Restriction on registration until liability paid by Optionee

The Optionee hereby agrees that no Shares shall be registered in his name until he has met the Liability as a result of a Trigger Event in accordance with this Joint Election.

3. Payment

3.1 Where, in relation to an Option, the Optionee is liable, or is in accordance with current practice at the date of the Trigger Event believed by the Employer to be liable (where it is believed that the shares under option are readily convertible assets), to account to HM Revenue & Customs for the Liability, the Optionee and the Employer agree that, upon receipt of the funds to meet the Liability from the Optionee, that such funds to meet the Liability shall be paid to the Collector of Taxes or other relevant taxation authority by the Employer on the Optionee's behalf within 14 days of the end of the income tax month in which the gain on the Option was made ("the 14 day period") and for the purposes of securing payment of the Liability the Optionee will on the occurrence of a Trigger Event:

(a) pay to the Employer a cash amount equal to the Liability; and/or

(b) suffer a deduction from salary or other remuneration due to the Optionee such deduction being in an amount not exceeding the Liability; and/or

(c) at the request of the Company enter into such arrangement or arrangements necessary or expedient with such person or persons (including the appointment of a nominee on behalf of the Optionee) to effect the sale of Shares acquired through the exercise of the Option to cover all or any part of the Liability and use the proceeds to pay the Employer a cash amount equal to the Liability.

3.2 The Employer shall pass all monies it has collected from the Optionee in respect of the Liability to the Collector of Taxes by no later than 14 days after the end of the income tax month in which the Trigger Event occurred.

4. Termination of Joint Election

4.1 This Joint Election shall cease to have effect on the occurrence of any of the following:

(a) if the terms of this Joint Election are satisfied in the reasonable opinion of the Company, the Employer and the Optionee;

(b) if the Company, the Employer and the Optionee jointly agree in writing to revoke this Joint Election;

(c) if HM Revenue & Customs withdraws approval of this Joint Election so far as it relates to options covered by the Joint Election but not yet granted;

(d) if the Options lapse or no Option is otherwise capable of being exercised pursuant to the Plan; and/or

(e) if the Company and/or the Employer serve notice on the Optionee that the Joint Election is to cease to have effect.

5. Further assurance

5.1 The Company, Employer and the Optionee shall do all such things and execute all such documents as may be necessary or desirable to ensure that this Joint Election complies with all relevant legislation and/or HM Revenue & Customs requirements.

5.2 The Optionee shall notify the Employer in writing of any Trigger Event which occurs in relation to an Option within three days of such Trigger Event.

5.3 The Company intends, as soon as practicable, to notify the Employer of the Optionee's intention of exercising an Option and shall provide the Employer with such information available to the Company to enable the Employer to calculate the Liability arising on the Trigger Event.

6. Secondary Contributor

The Employer enters into this Joint Election on its own behalf and on behalf of the Company, or, if and to the extent that there is a change in law, any other company or person who is or becomes a secondary contributor for NIC purposes in respect of this Option. It is agreed that the Employer can enforce the terms of this Joint Election against the Optionee on behalf of any such company.

7. Binding Effect

7.1 The Optionee agrees to be bound by the terms of this Joint Election and for the avoidance of doubt the Optionee shall continue to be bound by the terms of this Joint Election regardless of which country the Optionee is working in when the Liability arises and regardless of whether the Optionee is an employee of the Employer when the Liability arises.

7.2 The Employer and the Company agree to be bound by the terms of this Joint Election and for the avoidance of doubt the Employer and Company shall continue to be bound by the terms of this Joint Election regardless of which country the Optionee is working in when the Liability arises and regardless of whether the Optionee is an employee of the Employer when the Liability arises.

8. Governing Law

This Joint Election shall be governed by and construed in accordance with English law and the parties irrevocably submit to the non-exclusive jurisdiction of the English Courts to settle any claims, disputes or issues which may arise out of this deed.

This Joint Election has been executed and delivered as a deed on the date written above.

SIGNED as a **DEED**)
by **TWILIO, INC.**)
acting by the under-mentioned)
person(s) acting on the authority)
of the Company in accordance)
with the laws of the territory of)
its incorporation:)

Authorised signatory

Signed as a **DEED**)
By **TWILIO EUROPE LIMITED**)
acting by:)

Director

In the presence of:

Witness Signature:

Name:

Address:

Occupation:

SIGNED as a **DEED**)
by **[insert name of Optionee]**)

in the presence of:

Witness signature:

Name:

Address:

Occupation:

SECTION 431 ELECTION

Joint Election under s431 ITEPA 2003 for full or partial disapplication of Chapter 2 Income Tax (Earnings and Pensions) Act 2003

One Part Election

1. Between

the Employee *[insert name of employee]*
whose National Insurance Number is *[insert NINO]*

and

the Company (who is the Employee's employer)	Twilio Europe Limited
of Company Registration Number	07945978

2. Purpose of Election

This joint election is made pursuant to section 431(1) or 431(2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. An election under section 431(2) will ignore one or more of the restrictions in computing the charge on acquisition. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.

3. Application

This joint election is made not later than 14 days after the date of acquisition of the securities by the employee and applies to:

Number of securities	*[insert number]*
Description of securities	Shares of Common Stock
Name of issuer of securities	Twilio, Inc.

To be acquired by the Employee after *[dd/mm/yyyy]* under the terms of the UK EMI Sub-Plan to the Twilio, Inc. 2008 Stock Option Plan.

4. Extent of Application

This election disapplies:

S.431(1) ITEPA: All restrictions attaching to the securities.

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5. Declaration

This election will become irrevocable upon the later of its signing or the acquisition (* and each subsequent acquisition) of employment-related securities to which this election applies.

(delete as appropriate)*

In signing this joint election, we agree to be bound by its terms as stated above.

Signature (Employee)	/ / Date
I. Signature (for and on behalf of the Company)	/ / Date
Position in company	

Note: Where the election is in respect of multiple acquisitions, prior to the date of any subsequent acquisition of a security it may be revoked by agreement between the employee and employer in respect of that and any later acquisition.

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of March 19, 2015 (the "**Closing Date**"), but effective as of January 15, 2015 (the "**Effective Date**") between **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and **TWILIO INC.,** a Delaware corporation ("**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree as follows:

RECITALS

A. Bank and Borrower have entered into that certain Loan and Security Agreement dated as of January 15, 2013 (as amended, modified, supplemented, or renewed, the "**Prior Loan Agreement**"). Pursuant to the Prior Loan Agreement, Bank made certain loans and other credit accommodations available to Borrower, including a secured revolving loan in the principal amount of Five Million Dollars ($5,000,000) (the "**Prior Revolving Loan**").

B. Borrower has requested, and Bank has agreed to amend and restate the Prior Loan Agreement in its entirety.

AGREEMENT

The parties hereby agree that the Prior Loan Agreement is hereby amended, restated, and replaced in its entirety as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay.

Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.1.1 Revolving Advances.

(a) Availability. Subject to the terms and conditions of this Agreement and to deduction of Reserves, Bank shall make Advances not exceeding the Availability Amount. Amounts borrowed under the Revolving Line may be repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein.

(b) Termination; Repayment. The Revolving Line terminates on the Revolving Line Maturity Date, when the principal amount of all Advances, the unpaid interest thereon, and all other Obligations relating to the Revolving Line shall be immediately due and payable.

2.2 Overadvances.

If, at any time, the outstanding principal amount of any Advances exceeds the lesser of either the Revolving Line or the Borrowing Base, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the "**Overadvance**"). Without limiting Borrower's obligation to repay Bank any Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at the Default Rate.

2.3 Payment of Interest on the Credit Extensions.

(a) Advances. Subject to Section 2.3(b), the principal amount outstanding under the Revolving Line shall accrue interest at a floating per annum rate equal to the Prime Rate plus one percent (1.0%), which interest shall be payable monthly in accordance with Section 2.3(d) below.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percentage points (5.00%) above the rate that is otherwise applicable thereto (the "**Default Rate**") unless Bank otherwise elects from time to time in its sole discretion to impose a smaller increase. Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.3(b) 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 Bank.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) Payment; Interest Computation. Interest is payable monthly on the last calendar day of each month and shall be computed on the basis of a 360-day year for the actual number of days elapsed. In computing interest, (i) all payments received after 12:00 p.m. Pacific time on any day shall be deemed received at the opening of business on the next Business Day, and (ii) the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

2.4 Fees.

Borrower shall pay to Bank:

(a) Commitment Fee. A fully earned, non refundable commitment fee of Thirty-Seven Thousand Five Hundred Dollars ($37,500) (the "**Commitment Fee**"), on the Closing Date;

(b) Good Faith Deposit. Borrower has paid to Bank a fully earned good faith deposit of Twenty-Five Thousand Dollars ($25,000) (the "**Good Faith Deposit**") to initiate Bank's due diligence review process. Any portion of the Good Faith Deposit not utilized to pay Bank Expenses will be applied to the Commitment Fee;

(c) Unused Revolving Line Facility Fee. At all times that the outstanding principal balance of the Revolving Line is less than Five Million Dollars ($5,000,000), an unused Revolving Line facility fee payable quarterly in arrears on the last day of each calendar quarter occurring thereafter prior to the Revolving Line Maturity Date, and on the Revolving Line Maturity Date (the "**Unused Revolving Line Facility Fee**") in an amount equal to three-tenths of one percent (0.30%) per annum of the average unused portion of the Revolving Line, as determined by Bank. The unused portion of the Revolving Line, for purposes of this calculation, shall be calculated on a calendar year basis and shall equal the difference between (i) the Revolving Line, and (ii) the average for the period of the daily closing balance of the Revolving Line outstanding; and

(d) Bank Expenses. All Bank Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

(e) Fees Fully Earned. Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank's obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.4 pursuant to the terms of Section 2.5(c). Bank shall provide Borrower written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.4.

2.5 Payments; Application of Payments; Debit of Accounts.

(a) All payments (including prepayments) to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Bank has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(c) Bank may debit any of Borrower's deposit accounts, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

2.6 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.6 shall survive the termination of this Agreement.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension.

Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed original signatures to the Loan Documents;

(b) duly executed original signatures to the Control Agreement;

(c) Borrower's Operating Documents and a good standing certificate of Borrower certified by the Secretary of State of the States of Delaware and California as of a date no earlier than thirty (30) days prior to the Closing Date;

(d) duly executed original signatures to the completed Borrowing Resolutions for Borrower;

(e) certified copies, dated as of a recent date, of financing statement searches, as Bank shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(f) the Perfection Certificate of Borrower, together with the duly executed original signature thereto;

(g) evidence satisfactory to Bank that the insurance policies and endorsements required by Section 6.6 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and/or additional insured clauses and cancellation notice to Bank (or endorsements reflecting the same) in favor of Bank; and

(h) payment of the fees and Bank Expenses then due as specified in Section 2.4 hereof.

3.2 Conditions Precedent to all Credit Extensions.

Bank's obligations to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) timely receipt of an executed Transaction Report;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the Transaction Report and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; and

(c) in Bank's sole discretion, there has not been any Material Adverse Change.

3.3 Covenant to Deliver.

Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

3.4 Procedures for Borrowing.

Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail by 12:00 p.m. Pacific time on the Funding Date of the Advance. In connection with such notification, Borrower must promptly deliver to Bank by

electronic mail a completed Transaction Report executed by an Authorized Signer together with such other reports and information, including without limitation, sales journals, cash receipts journals, accounts receivable aging reports, as Bank may request in its sole discretion. Bank shall credit proceeds of an Advance to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the Advances are necessary to meet Obligations which have become due.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest.

Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that may have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2 Priority of Security Interest.

Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens that may have superior priority to Bank's Lien under this Agreement). If Borrower shall acquire a commercial tort claim, Borrower shall promptly notify

Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

4.3 Authorization to File Financing Statements.

Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority.

Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower, entitled "**Perfection Certificate**". Borrower represents and warrants to Bank that Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date to the extent permitted by one or more specific provisions in this Agreement).

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not conflict with any of Borrower's organizational documents, contravene, conflict with, constitute a default under or violate any material Requirement of Law, contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect) or conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by

which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral.

Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith and which Borrower has taken such actions as are necessary to give Bank a perfected security interest therein, pursuant to the term of Section 6.7(b). The Accounts are bona fide, existing obligations of the Account Debtors.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for non-exclusive licenses granted to its customers in the ordinary course of business, over-the-counter software that is commercially available to the public, and material Intellectual Property licensed to Borrower and noted on the Perfection Certificate. Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business.

Except as noted on the Perfection Certificate, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Accounts Receivable.

For any Eligible Customer Account in any Monthly Recurring Revenue calculation, all statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Eligible Customer Accounts are and shall be true and correct and all such invoices, instruments and other documents, and all of Borrower's Books are genuine and in all respects what they purport to be. All sales and other transactions underlying or giving rise to each Eligible Customer Account shall comply in all material respects with all applicable laws and governmental rules and regulations. Borrower has no knowledge of any actual or imminent Insolvency Proceeding of any Account Debtor whose accounts are Eligible Customer Accounts in any Monthly Recurring Revenue calculation. To the best of Borrower's knowledge, all

signatures and endorsements on all documents, instruments, and agreements relating to all Eligible Customer Accounts are genuine, and all such documents, instruments and agreements are legally enforceable in accordance with their terms. Borrower is the owner of and has the legal right to sell, transfer, assign and encumber each Eligible Customer Account, and there are no defenses, offsets, counterclaims or agreements for which the Account Debtor may claim any deduction or discount.

5.4 Litigation.

There are no actions or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than, individually or in the aggregate, Fifty Thousand Dollars ($50,000).

5.5 Financial Statements; Financial Condition.

All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

5.6 Solvency.

The fair salable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.7 Regulatory Compliance.

Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (i) has complied in all material respects with all Requirements of Law, and (ii) has not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Government Authorities that are necessary to continue their respective businesses as currently conducted.

5.8 Subsidiaries; Investments.

Borrower does not own any stock, partnership interest or other equity securities except for Permitted Investments.

5.9 Tax Returns and Payments; Pension Contributions.

Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower. Borrower may defer payment of any contested taxes, provided that Borrower in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, notifies Bank in writing of the commencement of, and any material development in, the proceedings, and posts bonds or takes any other steps required to prevent the governmental authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "**Permitted Lien**." Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.10 Use of Proceeds.

Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes.

5.11 Full Disclosure.

No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.12 Definition of "Knowledge."

For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of the Responsible Officers.

6 AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in all of its property. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

6.2 Financial Statements, Reports, Certificates.

Provide Bank with the following:

(a) a Transaction Report (including annualized churn report for the trailing three (3) months, Monthly Recurring Revenue by customer for the immediately preceding month, and any contra-revenue schedules related thereto), (i) with each request for an Advance, and (ii) within thirty (30) days after the end of each month;

(b) within thirty (30) days after the end of each month, (i) monthly accounts receivable agings, aged by invoice date, (ii) monthly accounts payable agings, aged by invoice date, and (iii) monthly reconciliations of accounts receivable agings (aged by invoice date) if applicable;

(c) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form acceptable to Bank (the "**Monthly Financial Statements**");

(d) within thirty (30) days after the last day of each month and together with the Monthly Financial Statements, a duly completed Compliance Certificate signed by a Responsible Officer, certifying that as of the end of such month, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Bank may reasonably request, including, without limitation, a statement that at the end of such month there were no held checks;

(e) The earlier of (i) sixty (60) days after the last day of each fiscal year of Borrower or (ii) more frequently as periodically updated by Borrower, annual financial projections for the following fiscal year approved by Borrower's Board of Directors and commensurate in form and substance with those provided to Borrower's venture capital investors, together with any related business forecasts used in the preparation of such annual financial plans and projections;

(f) (i) at all times that Borrower's Board of Directors requires Borrower to prepare annual audited financial statements, as soon as available, but no later than one hundred eighty (180) days after the last day of Borrower's fiscal year, audited consolidated financial statements

prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Bank in its reasonable discretion; and (ii) at all other times, as soon as available, but not later than sixty (60) days after the last day of Borrower's fiscal year, company prepared annual consolidated financial statements certified by a Responsible Officer and in a form acceptable to Bank;

(g) within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt;

(h) in the event that Borrower becomes subject to the reporting requirements under the Exchange Act within five (5) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the Internet at Borrower's website address;

(i) a prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, Fifty Thousand Dollars ($50,000) or more;

(j) prompt written notice of (i) any material change in the composition of the Intellectual Property, (ii) the registration of any copyright, including any subsequent ownership right of Borrower in or to any copyright, patent or trademark not previously disclosed in writing to Bank, and (iii) Borrower's knowledge of an event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property; and

(k) budgets, sales projections, operating plans and other financial information reasonably requested by Bank.

6.3 Accounts Receivable.

(a) Schedules and Documents Relating to Accounts. Borrower shall deliver to Bank transaction reports and schedules of collections, as provided in Section 6.2, on Bank's standard forms; provided, however, that Borrower's failure to execute and deliver the same shall not affect or limit Bank's Lien and other rights in all of Borrower's Accounts, nor shall Bank's failure to advance or lend against a specific Account affect or limit Bank's Lien and other rights therein. If requested by Bank, Borrower shall furnish Bank with copies (or, at Bank's request, originals) of all contracts, orders, invoices, and other similar documents, and all shipping instructions, delivery receipts, bills of lading, and other evidence of delivery, for any goods the sale or disposition of which gave rise to such Accounts. In addition, Borrower shall deliver to Bank, on its request, the originals of all instruments, chattel paper, security agreements, guarantees and other documents and property evidencing or securing any Accounts, in the same form as received, with all necessary indorsements, and copies of all credit memos.

(b) [Reserved].

(c) Collection of Accounts. Borrower shall have the right to collect all Accounts, unless and until an Event of Default has occurred and is continuing. Bank shall require that Borrower direct Account Debtors to deliver or transmit all proceeds of Accounts into a lockbox account, or via electronic deposit capture into a "blocked account" as specified by Bank (either such account, the "**Cash Collateral Account**"). Whether or not an Event of Default has occurred and is continuing, Borrower shall immediately deliver all payments on and proceeds of Accounts to the Cash Collateral Account to be transferred on a daily basis to Borrower's operating account with Bank.

(d) Returns. Provided no Event of Default has occurred and is continuing, if any Account Debtor returns any Inventory to Borrower, Borrower shall promptly (i) determine the reason for such return, (ii) issue a credit memorandum to the Account Debtor in the appropriate amount, and (iii) provide a copy of such credit memorandum to Bank, upon request from Bank. In the event any attempted return occurs after the occurrence and during the continuance of any Event of Default, Borrower shall hold the returned Inventory in trust for Bank, and immediately notify Bank of the return of the Inventory.

(e) Verification. Bank may, from time to time, verify directly with the respective Account Debtors the validity, amount and other matters relating to the Accounts, either in the name of Borrower or Bank or such other name as Bank may choose, and notify any Account Debtor of Bank's security interest in such Account.

(f) No Liability. Bank shall not be responsible or liable for any shortage or discrepancy in, damage to, or loss or destruction of, any goods, the sale or other disposition of which gives rise to an Account, or for any error, act, omission, or delay of any kind occurring in the settlement, failure to settle, collection or failure to collect any Account, or for settling any Account in good faith for less than the full amount thereof, nor shall Bank be deemed to be responsible for any of Borrower's obligations under any contract or agreement giving rise to an Account. Nothing herein shall, however, relieve Bank from liability for its own gross negligence or willful misconduct.

6.4 Remittance of Proceeds.

Except as otherwise provided in Section 6.3(c), deliver, in kind, all proceeds arising from the disposition of any Collateral to Bank in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations (i) prior to an Event of Default, pursuant to the terms of Section 2.3(b) hereof, and (ii) after the occurrence and during the continuance of an Event of Default, pursuant to the terms of Section 9.4 hereof; provided that, if no Event of Default has occurred and is continuing, Borrower shall not be obligated to remit to Bank the proceeds of the sale of worn out or obsolete Equipment disposed of by Borrower in good faith in an arm's length transaction for an aggregate purchase price of Twenty-Five Thousand Dollars ($25,000) or less (for all such transactions in any fiscal year). Borrower agrees that it will not commingle proceeds of Collateral with any of Borrower's other funds or property, but will hold such proceeds separate and apart from such other funds and property and in an express trust for Bank. Nothing in this Section limits the restrictions on disposition of Collateral set forth elsewhere in this Agreement.

6.5 Taxes; Pensions.

Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each of its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.9 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.6 Insurance.

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as the sole lender loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Ensure that proceeds payable under any property policy are, at Bank's option, payable to Bank on account of the Obligations.

(c) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.6 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank thirty (30) days prior written notice before any such policy or policies shall be materially altered or canceled. If Borrower fails to obtain insurance as required under this Section 6.6 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.6, and take any action under the policies Bank deems prudent.

6.7 Operating Accounts.

(a) Maintain with Bank and Bank's Affiliates its primary domestic banking services (including cash management and foreign exchange activity) and deposit and investment accounts.

(b) Provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of the previous sentence

shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Bank by Borrower as such.

6.8 Financial Covenants.

Maintain at all times, subject to periodic reporting as of the last day of each month, unless otherwise noted, on a consolidated basis with respect to Borrower and its Subsidiaries:

(a) Minimum Revenue. Revenue (determined in accordance with GAAP), for the trailing three (3) month period then ended, of not less than the following amounts:

Three Month Period Ending	Minimum Revenue
January 31, 2015	$ 20,250,000
February 28, 2015	$ 21,000,000
March 31, 2015	$ 22,385,000
April 30, 2015	$ 23,250,000
May 31, 2015	$ 24,000,000
June 30, 2015	$ 25,431,000
July 31, 2015	$ 26,250,000
August 31, 2015	$ 27,000,000
September 30, 2015	$ 29,993,000
October 31, 2015	$ 30,750,000
November 30, 2015	$ 31,500,000
December 31, 2015	$ 35,233,000

Commencing with the trailing three (3) month period ending January 31, 2016, and as of the last day of each month thereafter, the minimum amount of Borrower's revenue required hereunder for each such period is subject to change based on Borrower's Board-approved projections for its 2016 fiscal year as determined by Bank in its sole discretion (the "**2016 Revenue Covenant**") and shall not be less than seventy-five percent (75%) of Borrower's Board-approved projected revenue for the applicable trailing three (3) month period. Borrower's failure to reach an agreement with Bank on the 2016 Revenue Covenant and to execute and deliver to Bank an amendment to this Agreement not later than January 31, 2016, shall constitute an immediate Event of Default under this Agreement.

6.9 Protection of Intellectual Property Rights.

(a) Protect, defend and maintain the validity and enforceability of its Intellectual Property; promptly advise Bank in writing of material infringements of its Intellectual Property; and not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) Provide written notice to Bank within ten (10) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public). Borrower shall take such steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for any Restricted License to be deemed "**Collateral**" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

6.10 Litigation Cooperation.

From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

6.11 Access to Collateral; Books and Records.

Allow Bank or its agents to inspect the Collateral and audit and copy Borrower's Books. The foregoing inspections and audits shall be at Borrower's expense, and the charge therefor shall be Eight Hundred Fifty Dollars ($850) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. Such inspections and audits shall be conducted at least once every twelve (12) months or as conditions may warrant in Bank's sole discretion. In the event Borrower and Bank schedule an audit more than ten (10) days in advance, and Borrower cancels or seeks to reschedule the audit with less than ten (10) days written notice to Bank, then (without limiting any of Bank's rights or remedies), Borrower shall pay Bank a fee of One Thousand Dollars ($1,000) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling. Borrower hereby acknowledges that the first such audit will be conducted within forty-five (45) days after the Closing Date.

6.12 Further Assurances.

Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Bank, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law

or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

7.1 Dispositions.

Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers of Inventory in the ordinary course of business; of worn out or obsolete Equipment; in connection with Permitted Liens and Permitted Investments; and (d) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business.

7.2 Changes in Business, Management, Ownership, or Business Locations.

Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; liquidate or dissolve; or permit any Key Person to cease to hold such office with Borrower unless replaced with a Person acceptable to Borrower's Board of Directors within one hundred twenty (120) days of such departure; or enter into any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than forty percent (40%) of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity

securities in a public offering or to venture capital investors so long as Borrower identifies to Bank the venture capital investors prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction).

Borrower shall not, without at least thirty (30) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than One Hundred Twenty Thousand Dollars ($120,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of One Hundred Twenty Thousand Dollars ($120,000) to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower intends to deliver any portion of the Collateral valued, individually or in the aggregate, in excess of One Hundred Twenty Thousand Dollars ($120,000) to a bailee, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will first receive the written consent of Bank, and such bailee shall execute and deliver a bailee agreement in form and substance satisfactory to Bank in its sole discretion.

7.3 Mergers or Acquisitions.

Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person, except where total consideration including cash and the value of any non-cash consideration, for all such transactions does not exceed Fifteen Million Dollars ($15,000,000) in the aggregate at any time; no Event of Default has occurred and is continuing or would exist after giving effect to the transactions; and Borrower is the surviving legal entity. A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness.

Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance.

Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of "**Permitted Liens**" herein.

7.6 Maintenance of Collateral Accounts.

Maintain any Collateral Account except pursuant to the terms of Section 6.7 hereof.

7.7 Distributions; Investments.

Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock, provided that Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, Borrower may pay dividends solely in common stock; and Borrower may repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, provided that the aggregate amount of all such repurchases does not exceed One Hundred Thousand Dollars ($100,000) per fiscal year; or directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates.

Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.9 Subordinated Debt.

Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank.

7.10 Compliance.

Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default.

Borrower fails to make any payment of principal or interest on any Credit Extension on its due date, or pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (a) or (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Section 2.2, 6.2, 6.5, 6.6, 6.7, 6.8, 6.9(b), 6.11, or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be

cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

8.3 Investor Abandonment; Priority of Security Interest.

If Bank determines that it is the intention of Borrower's investors to not continue to fund the Borrower in the amounts and timeframe necessary to enable Borrower to satisfy the Obligations as they become due and payable; or there is a material impairment in the perfection or priority of the Bank's security interest in the Collateral;

8.4 Attachment; Levy; Restraint on Business.

(a) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary), or a notice of lien or levy is filed against any of Borrower's assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

8.5 Insolvency

Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; Borrower begins an Insolvency Proceeding; or an Insolvency Proceeding is begun against Borrower and not dismissed or stayed within thirty (30) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements.

There is, under any agreement to which Borrower is a party with a third party or parties, any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of Fifty Thousand Dollars ($50,000); or any default by Borrower, the result of which could have a material adverse effect on Borrower's business;

8.7 Judgments; Penalties.

One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least Fifty Thousand Dollars

($50,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof, stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order or decree);

8.8 Misrepresentations.

Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt.

Any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement; or

8.10 Governmental Approvals.

Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of such Governmental Approval or that could result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or non-renewal has, or could reasonably be expected to have, a Material Adverse Change, or adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction.

9 <u>BANK'S RIGHTS AND REMEDIES</u>

9.1 Rights and Remedies.

While an Event of Default occurs and continues Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) for any Letters of Credit, demand that Borrower (i) deposit cash with Bank in an amount equal to 105% (110% if the Letter of Credit is denominated in a Foreign Currency) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit remaining undrawn (plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Contract;

(e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, and notify any Person owing Borrower money of Bank's security interest in such funds;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations any balances and deposits of Borrower it holds, or any amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) demand and receive possession of Borrower's Books; and

(k) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney.

Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to endorse Borrower's name on any checks or other forms of payment or security; sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Bank determines reasonable; make, settle, and adjust all claims under Borrower's insurance policies; pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and Bank is under no further obligation to make Credit Extensions hereunder. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and Bank's obligation to provide Credit Extensions terminates.

9.3 Protective Payments.

If Borrower fails to obtain the insurance called for by Section 6.6 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.4 Application of Payments and Proceeds Upon Default.

If an Event of Default has occurred and is continuing, Bank shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Bank shall pay any surplus to Borrower by credit to the Designated Deposit Account or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 Bank's Liability for Collateral.

So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for the safekeeping of the Collateral; any loss or damage to the Collateral; any diminution in the value of the Collateral; or any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative.

Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver.

Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; upon transmission, when sent by electronic mail or facsimile transmission; one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:

Twilio Inc.
645 Harrison Street, 3rd Floor
San Francisco, California 94104
Attn: Lee Kirkpatrick, Chief Financial Officer
Fax: (415)376-8596
Email: lee@twilio.com

If to Bank:

Silicon Valley Bank
555 Mission Street, Suite 900
San Francisco, California 94105
Attn: Stephen Chang, CFA, CPA, Vice President
Fax: (415) 615-0076
Email: schang@svb.com

11 CHOICE OF LAW, VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE

Except as otherwise expressly provided in any of the Loan Documents, California law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court.

The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph. This Section 11 shall survive the termination of this Agreement.

12 GENERAL PROVISIONS

12.1 Termination Prior to Revolving Line Maturity Date; Survival.

All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Revolving Line Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination.

This Section 12.3 shall survive until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

12.2 Successors and Assigns.

This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign,

negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents.

12.3 Indemnification.

Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an "**Indemnified Person**") harmless against: all obligations, demands, claims, and liabilities (collectively, "**Claims**") claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and all losses or expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower contemplated by the Loan Documents (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.4 Time of Essence.

Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions.

Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Correction of Loan Documents.

Bank may correct patent errors and fill in any blanks in the Loan Documents consistent with the agreement of the parties.

12.7 Amendments in Writing; Waiver; Integration.

No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.8 Counterparts.

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.9 Confidentiality.

In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: to Bank's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, collectively, "**Bank Entities**"); to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, Bank shall use its best efforts to obtain any prospective transferee's or purchaser's agreement to the terms of this provision); as required by law, regulation, subpoena, or other order; to Bank's regulators or as otherwise required in connection with Bank's examination or audit; as Bank considers appropriate in exercising remedies under the Loan Documents; and to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is either: in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain after disclosure to Bank; or disclosed to Bank by a third party if Bank does not know that the third party is prohibited from disclosing the information.

Bank Entities may use the confidential information for reporting purposes and the development and distribution of databases and market analyses so long as such confidential information is aggregated and anonymized prior to distribution unless otherwise expressly prohibited by Borrower. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

12.10 Attorneys' Fees, Costs and Expenses.

In any action or proceeding between Borrower and Bank arising out of or relating to the Loan Documents, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.11 Electronic Execution of Documents.

The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Captions.

The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.13 Construction of Agreement.

The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.14 Relationship.

The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.15 Transitional Arrangements.

On the Effective Date, this Agreement shall amend, restate and supersede the Prior Loan Agreement in its entirety, except as provided in this Section. On the Effective Date, the rights and obligations of the parties evidenced by the Prior Loan Agreement shall be evidenced by this Agreement and the other Loan Documents and the grant of security interest in the Collateral by the Borrower under the Prior Loan Agreement and the other "Loan Documents" (as defined in the Prior Loan Agreement) shall continue under this Agreement and the other Loan Documents, and shall not in any event be terminated, extinguished or annulled but shall hereafter be governed by this Agreement and the other Loans Documents. All references to the Prior Loan Agreement in any Loan Document or other document or instrument delivered in connection therewith shall be deemed to refer to this Agreement and the provisions hereof. Without limiting the generality of the foregoing and to the extent necessary, the Bank reserves all of its rights under the Prior Loan Agreement.

12.16 Third Parties.

Nothing in this Agreement, whether express or implied, is intended to: confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; relieve or discharge the obligation or liability of any person not an express party to this Agreement; or give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

13 DEFINITIONS

13.1 Definitions.

As used in the Loan Documents, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

"**Account**" is any "account" as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"**Account Debtor**" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

"**Advance**" or "**Advances**" means a revolving credit loan (or revolving credit loans) under the Revolving Line, including any Overadvance.

"**Advance Rate**" is the product of (a) three hundred percent (300%) multiplied by (b) the Annualized Customer Retention Percentage, provided that Bank may, in its good faith business discretion, change the Advance Rate. Changes in the Advance Rate based on changes in the Annualized Customer Retention Percentage shall be effective on the first (1st) day of the month following such change in Annualized Customer Retention Percentage. For example, if the Annualized Customer Retention Percentage was 88%, the Advance Rate would be 264% (300% multiplied by 88%).

"**Affiliate**" is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agreement**" is defined in the preamble hereof.

"**Annualized Customer Loss Percentage**" is, as of any date of determination, the Customer Loss Percentage, multiplied by twelve (12). For example, if the Customer Loss Percentage for June 30, 2015 was 1.0%, the Annualized Customer Loss Percentage would be 12%, calculated as follows:

1.0% multiplied by 12 = 12%

"**Annualized Customer Retention Percentage**" is, as of any date of determination, one hundred percent (100%) minus the applicable Annualized Customer Loss Percentage as of such date of determination. For example, if the Annualized Customer Loss Percentage as of June 30, 2015 was 12%, the Annualized Customer Retention Percentage would be 88%, calculated as follows:

100% minus 12% = 88%

"**Authorized Signer**" is any individual listed in Borrower's Borrowing Resolution who is authorized to execute the Loan Documents, including any Advance request, on behalf of Borrower.

"**Availability Amount**" is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the outstanding principal balance of any Advances.

"**Bank**" is defined in the preamble hereof.

"**Bank Entities**" is defined in Section 12.9.

"**Bank Expenses**" are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

"**Bank Services**" are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "**Bank Services Agreement**").

"**Borrower**" is defined in the preamble hereof.

"**Borrower's Books**" are all Borrower's books and records including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Borrowing Base**" is an amount equal to the result of the Advance Rate multiplied by the Monthly Recurring Revenue, as determined by Bank in its sole discretion, tested as of the last day of the immediately preceding calendar month.

"**Borrowing Resolutions**" are, with respect to any Person, those resolutions substantially in the form attached hereto as Exhibit D.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which Bank is closed.

"**Cash Equivalents**" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; and (c) Bank's certificates of deposit issued maturing no more than one (1) year after issue.

"**Closing Date**" is defined in the preamble hereof.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term "Code" shall mean the Uniform

Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A.

"**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account.

"**Commitment Fee**" is defined in Section 2.4(a).

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"**Compliance Certificate**" is that certain certificate in the form attached hereto as Exhibit B.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"**Copyrights**" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Credit Extension**" is any Advance, any Overadvance, or any other extension of credit by Bank for Borrower's benefit.

"**Customer Accounts**" are, on any date of determination, all Existing Customer Accounts and New Customer Accounts that are Eligible Customer Accounts.

"**Customer Loss Percentage**" is, as of any date of determination, the product of (a) the number of Lost Customer Accounts during the three (3) month period ending on such date of determination, divided by (b) the number of Customer Accounts as of the first day of such three (3) month period, divided by (c) three (3). For example, if Borrower had 10,000 Customer Accounts as of April 1, 2015 and lost 300 Lost Customer Accounts during the three (3) month period ending on June 30, 2015, the Lost Customer Account Percentage as of June 30, 2015 would be 1.0%, calculated as follows:

$$\frac{300}{10{,}000} = 3.0\%; \text{ then}$$

$$\frac{3.0\%}{3} = 1.0\%$$

"**Default Rate**" is defined in Section 2.3(b).

"**Deposit Account**" is any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is the multicurrency account denominated in Dollars, account number 3300720579, maintained by Borrower with Bank.

"**Dollar Equivalent**" is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

"**Dollars**," "**dollars**" or use of the sign "$" means only lawful money of the United States and not any other currency, regardless of whether that currency uses the "$" sign to denote its currency or may be readily converted into lawful money of the United States.

"**Effective Date**" is defined in the preamble hereof.

"**Eligible Customer Accounts**" means Accounts of Borrower generated from expected receipt of Recurring Revenue which arise in the ordinary course of Borrower's business that (i) meet all of Borrower's representations and warranties described in Section 5.3 and (ii) are or may be due and owing from Account Debtors deemed acceptable to Bank in its sole discretion; provided that Bank reserves the right at any time and from time to time to exclude and/or remove any Account from the definition of Eligible Customer Accounts, in its sole discretion.

"**Equipment**" is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, and its regulations.

"**Event of Default**" is defined in Section 8.

"**Exchange Act**" is the Securities Exchange Act of 1934, as amended.

"**Existing Customer Accounts**" are, on any date of determination, all Eligible Customer Accounts which each such Account (i) consists of customers of Borrower that have actually used Borrower's services, (ii) generates trailing 12-month Recurring Revenues for Borrower of at least One Thousand Dollars ($1,000), and (iii) is not a New Customer Account or Lost Customer Account.

"**Foreign Currency**" means lawful money of a country other than the United States.

"**Funding Date**" is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

"**FX Contract**" is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency on a specified date.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Good Faith Deposit**" is defined in Section 2.4(b).

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Inactive Customer Account**" is, as of any date of determination, each Customer Account which generates Recurring Revenues for Borrower below One Dollar ($1.00) per month.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"**Indemnified Person**" is defined in Section 12.3.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Intellectual Property**" means, with respect to any Person, means all of such Person's right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(a) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;

(b) any and all source code;

(c) any and all design rights which may be available to such Person;

(d) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(e) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Inventory**" is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**Key Person**" is each of Borrower's (a) Chief Executive Officer, who is Jeff Lawson as of the Effective Date, and (b) Chief Financial Officer, who is Lee Kirkpatrick as of the Effective Date.

"**Letter of Credit**" is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Loan Documents**" are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Perfection Certificate, any Bank Services Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any guarantor, and any other present or future agreement by Borrower and/or any guarantor with or for the benefit of Bank in connection with this Agreement or Bank Services, all as amended, restated, or otherwise modified.

"**Lost Customer Accounts**" is, as of any date of determination, the total number of Customer Accounts of Borrower in which each such Account (i) previously generated trailing 12-month Recurring Revenues for Borrower of at least One Thousand Dollars ($1,000) and (ii) became an Inactive Customer Account in the period being measured.

"**Material Adverse Change**" is (a) a material impairment in the perfection or priority of Bank's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; (c) a material impairment of the prospect of repayment of any portion of the Obligations; or (d) Bank determines, based upon information available to it and in its reasonable judgment, that there is a reasonable likelihood that Borrower shall fail to comply with one or more of the financial covenants in Section 6 during the next succeeding financial reporting period.

"**Monthly Financial Statements**" is defined in Section 6.2(c).

"**Monthly Recurring Revenue**" means, for any period as at any date of determination, the sum of the aggregate value of Recurring Revenue for such month taken as a single accounting period under GAAP.

"**New Customer Accounts**" are, on any date of determination, all Eligible Customer Accounts from new customers who have actually used Borrower's services for the first time and will be activated and billed by Borrower within the succeeding thirty (30) day period after such date of determination that are not Existing Customer Accounts or Lost Customer Accounts.

"**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, fees, Bank Expenses, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents, or otherwise, including, without limitation, all obligations relating to letters of credit (including reimbursement obligations for drawn and undrawn letters of credit), cash management services, and foreign exchange contracts, if any, and including interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents.

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Closing Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability

company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Overadvance**" is defined in Section 2.2.

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Perfection Certificate**" is defined in Section 5.1.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

(f) Indebtedness existing on the Closing Date and shown on the Perfection Certificate;

(g) Subordinated Debt;

(h) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(i) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(j) Indebtedness secured by Liens permitted under clauses (a) and (c) of the definition of "Permitted Liens" hereunder;

(k) Indebtedness of Borrower to any Subsidiary and Contingent Obligations of any Subsidiary with respect to obligations of Borrower (provided that the primary obligations are not prohibited hereby), and Indebtedness of any Subsidiary to Borrower in an aggregate principal amount not to exceed Fifty Thousand Dollars ($50,000) or any other Subsidiary and Contingent Obligations of any Subsidiary with respect to obligations of any other Subsidiary (provided that the primary obligations are not prohibited hereby); and

(l) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (g) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"**Permitted Investments**" are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Closing Date and shown on the Perfection Certificate;

(m) Investments consisting of Cash Equivalents;

(n) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(o) Investments consisting of deposit accounts in which Bank has a perfected security interest;

(p) Investments accepted in connection with Transfers permitted by Section 7.1;

(q) Investments by Borrower in Subsidiaries not to exceed Fifty Thousand Dollars ($50,000) in the aggregate in any fiscal year and by Subsidiaries in other Subsidiaries not to exceed Fifty Thousand Dollars ($50,000) in the aggregate in any fiscal year or in Borrower;

(r) Investments consisting of travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors;

(s) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(t) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (i) shall not apply to Investments of Borrower in any Subsidiary; and

(u) other Investments not otherwise permitted by Section 7.7 not exceeding Fifty Thousand Dollars ($50,000) in the aggregate outstanding at any time.

"**Permitted Liens**" are:

(a) Liens existing on the Closing Date and shown on the Perfection Certificate or arising under this Agreement and the other Loan Documents;

(v) Liens for taxes, fees, assessments or other government charges or levies, either not due and payable or being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(w) purchase money Liens on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than Fifty Thousand Dollars ($50,000) in the aggregate amount outstanding, or existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(x) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Fifty Thousand Dollars ($50,000) and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(y) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(z) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(aa) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;

(bb) non-exclusive license of Intellectual Property granted to third parties in the ordinary course of business;

(cc) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7; and

(dd) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions, provided that Bank has a perfected security interest in the amounts held in such deposit and/or securities accounts.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Prime Rate**" is the greater of (i) three and one-quarter of one percent (3.25%) or (ii) the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the "Prime Rate" shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors).

"**Prior Loan Agreement**" is defined in Recital A.

"**Prior Revolving Loan**" is defined in Recital A.

"**Recurring Revenue**" is usage revenue of Borrower received or anticipated from the actual usage of Borrower's services in the ordinary course of Borrower's business, in each case determined in accordance with GAAP and specifically excluding revenue or accounts receivable based on (i) sales of inventory, goods, or equipment, (ii) transaction revenue not received in the ordinary course of business, (iii) sales of services not in the ordinary course of business, (iv) revenue received due to one-time, non-recurring transactions, installation and/or set-up fees, (v) add-on purchases by Borrower's existing clients not resulting in a continuing stream of revenue and (vi) such other exclusions as Bank shall determine, in its reasonable discretion.

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Reserves**" means, as of any date of determination, such amounts as Bank may from time to time establish and revise in its good faith business judgment, reducing the amount of Advances and other financial accommodations which would otherwise be available to Borrower (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in its good faith business judgment, do or may adversely affect (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets, business or prospects of Borrower or any guarantor, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank's reasonable belief that any collateral report or financial information furnished by or on behalf of Borrower or any guarantor to Bank is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Bank determines constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default.

"**Responsible Officer**" is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

"**Restricted License**" is any material license or other agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with the Bank's right to sell any Collateral.

"**Revolving Line**" is an aggregate principal amount equal to Fifteen Million Dollars ($15,000,000).

"**Revolving Line Maturity Date**" is March 19, 2017.

"**SEC**" shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

"**Securities Account**" is any "securities account" as defined in the Code with such additions to such term as may hereafter be made.

"**Subordinated Debt**" is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

"**Subsidiary**" is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"**Transaction Report**" is that certain report of transactions and schedule of collections in the form attached hereto as Exhibit C.

"**Transfer**" is defined in Section 7.1.

"**Unused Revolving Line Facility Fee**" is defined in Section 2.4(c).

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

TWILIO INC.

By /s/ Lee T. Kirkpatrick
Name: Lee T. Kirkpatrick
Title: CFO

BANK:

SILICON VALLEY BANK

By /s/ Stephen Chang
Name: Stephen Chang
Title: Vice President

EXHIBIT A — COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Bank's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property.

Pursuant to the terms of a certain negative pledge arrangement with Bank, Borrower has agreed not to encumber any of its Intellectual Property without Bank's prior written consent.

EXHIBIT B
COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK Date: _____
FROM: TWILIO INC.

The undersigned authorized officer of TWILIO INC. ("Borrower") certifies that under the terms and conditions of the Amended and Restated Loan and Security Agreement between Borrower and Bank (the "Agreement"):

(1) Borrower is in complete compliance for the period ending with all required covenants except as noted below; (2) there are no Events of Default; (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement; and (5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank.

Attached are the required documents supporting the certification. The undersigned certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenant	Required	Complies
Monthly financial statements with Compliance Certificate ("CC")	Monthly within 30 days	Yes No
Annual financial statement (Company Prepared) + CC	FYE within 60 days	Yes No
Annual financial statement (CPA Audited) + CC	FYE within 180 days*	Yes No
Annual financial projections	Earlier of (i) within 60 days after FYE or (ii) more frequently as periodically updated by Borrower	Yes No
Transaction Reports	With each Advance and monthly within 30 days	Yes No
A/R & A/P Agings	Monthly within 30 days	Yes No

* at all times that Borrower's Board of Directors requires Borrower to prepare audited annual financial statements

Financial Covenants	Required	Actual	Complies
Maintain on a Monthly Basis:			
Revenue (3 month period then ended)			
January 31, 2015	$ 20,250,000	$	Yes No
February 28, 2015	$ 21,000,000	$	Yes No
March 31, 2015	$ 22,385,000	$	Yes No
April 30, 2015	$ 23,250,000	$	Yes No
May 31, 2015	$ 24,000,000	$	Yes No
June 30, 2015	$ 25,431,000	$	Yes No
July 31, 2015	$ 26,250,000	$	Yes No
August 31, 2015	$ 27,000,000	$	Yes No
September 30, 2015	$ 29,993,000	$	Yes No
October 31, 2015	$ 30,750,000	$	Yes No
November 30, 2015	$ 31,500,000	$	Yes No

December 31, 2015	$	35,233,000	$	Yes No

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

TWILIO INC.

By: /s/ Lee T. Kirkpatrick
Name: Lee T. Kirkpatrick
Title: CFO

BANK USE ONLY

Received by: _____
AUTHORIZED SIGNER

Date: _____

Verified: _____
AUTHORIZED SIGNER

Date: _____

Compliance Status: Yes No

EXHIBIT C

Transaction Report

(see attached)

Silicon Valley Bank
A Member of SVB Financial Group

Twilio, Inc

TRANSACTION REPORT AND LOAN REQUEST

1
3003 Tasman Drive, Santa Clara, CA 95054 March 31, 2015

	Monthly Recurring Revenue		
1	Monthly Recurring Revene (MRR)		$ —
	COMPUTATION OF BORROWING AVAILABILITY		
2	Churn Rate trailing 3 months (annualized)		#DIV/0!
3	Advance Rate		#DIV/0!
4	Lower of Calculated Availability or Line limit **$15,000,000**		#DIV/0!
5	Less Reserves: Other		$ —
6	Net Borrowing Availability: Before Loans (Line 4- Line 5)		#DIV/0!
	COMPUTATION OF LOAN		
7	Beginning Loan Balance (Line 10 of Previous Report)		$ —
8	Unused Borrowing Availability Before Loan Request (Line 6 minus Line 7)		#DIV/0!
	New Loan Request: The undersigned hereby requests a loan advance in the amount shown adjacent hereto. Please deposit/wire loan proceeds to my Checking A/C No.		
9	At **Silicon Valley Bank** Office:	**Advance =**	$ —
10	New Loan Balance - After Loan Advance		$ —
11	Remaining Unused Borrowing Availability - After Loan Request		#DIV/0!

The above described Collateral is subject to a security interest in favor of SILICON VALLEY BANK pursuant to the terms and conditions of a Loan & Security Agreement's, as executed by and between SILICON VALLEY BANK and the undersigned. All representations and warranties in the Agreement are true and correct in all material respects on this date, and the Borrower represents that there is no existing Event of Default

The advance will be deposited/wired to your account pursuant to the request set forth above.

BORROWER

Signature _____
Name _____
Title _____
Date _____

SILICON VALLEY BANK

Signature _____
Name _____
Title _____
Date _____

EXHIBIT D

BORROWING RESOLUTIONS

(see attached)

CORPORATE BORROWING CERTIFICATE

BORROWER: **TWILIO INC.** **DATE: March 19, 2015**
BANK: **SILICON VALLEY BANK**

I hereby certify as follows, as of the date set forth above:

1. I am the Secretary, Assistant Secretary or other officer of Borrower. My title is as set forth below.

2. Borrower's exact legal name is set forth above. Borrower is a corporation existing under the laws of the State of Delaware.

3. Attached hereto are true, correct and complete copies of Borrower's Articles/Certificate of Incorporation (including amendments), as filed with the Secretary of State of the state in which Borrower is incorporated as set forth above. Such Articles/Certificate of Incorporation have not been amended, annulled, rescinded, revoked or supplemented, and remain in full force and effect as of the date hereof.

4. The following resolutions were duly and validly adopted by Borrower's Board of Directors at a duly held meeting of such directors (or pursuant to a unanimous written consent or other authorized corporate action). Such resolutions are in full force and effect as of the date hereof and have not been in any way modified, repealed, rescinded, amended or revoked, and Silicon Valley Bank ("Bank") may rely on them until Bank receives written notice of revocation from Borrower.

RESOLVED, that **any one** of the following officers or employees of Borrower, whose names, titles and signatures are below, may act on behalf of Borrower:

Name	Title	Signature	Authorized to Add or Remove Signatories
Jeff Lawson	CEO/President	/s/ Jeff Lawson	x
Roy Ng	COO	/s/ Roy Ng	x
Lee Kirkpatrick	CFO/Treasurer	/s/ Lee Kirkpatrick	x
Karyn Smith	Secretary/General Counsel	/s/ Karyn Smith	x

RESOLVED FURTHER, that **any one** of the persons designated above with a checked box beside his or her name may, from time to time, add or remove any individuals to and from the above list of persons authorized to act on behalf of Borrower.

RESOLVED FURTHER, that such individuals may, on behalf of Borrower:

Borrow Money. Borrow money from Bank.
Execute Loan Documents. Execute any loan documents Bank requires.

Grant Security. Grant Bank a security interest in any of Borrower's assets.

Negotiate Items. Negotiate or discount all drafts, trade acceptances, promissory notes, or other indebtedness in which Borrower has an interest and receive cash or otherwise use the proceeds.

Apply for Letters of Credit. Apply for letters of credit from Bank.

Enter Derivative Transactions. Execute spot or forward foreign exchange contracts, interest rate swap agreements, or other derivative transactions.

Issue Warrants. Issue warrants for Borrower's capital stock.

Further Acts. Designate other individuals to request advances, pay fees and costs and execute other documents or agreements (including documents or agreement that waive Borrower's right to a jury trial) they believe to be necessary to effect these resolutions.

RESOLVED FURTHER, that all acts authorized by the above resolutions and any prior acts relating thereto are ratified.

5. The persons listed above are Borrower's officers or employees with their titles and signatures shown next to their names.

By: /s/ Lee T. Kirkpatrick
Name: Lee T. Kirkpatrick
Title: CFO

*** *If the Secretary, Assistant Secretary or other certifying officer executing above is designated by the resolutions set forth in paragraph 4 as one of the authorized signing officers, this Certificate must also be signed by a second authorized officer or director of Borrower.*

I, the Secretary of Borrower, hereby certify as to paragraphs 1 through 5 above, as of the date set forth above.

By: /s/ Karyn Smith
Name: Karyn Smith
Title: General Counsel and Secretary

Exhibit 10.6

OFFICE LEASE

645 HARRISON STREET
SAN FRANCISCO
CALIFORNIA

HV- 645 Harrison, Inc.

- LANDLORD -

Twilio, Inc.

- TENANT -

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(Continued)

OFFICE LEASE

THIS OFFICE LEASE (the "Lease") is made and entered into as of July 13, 2012, by and between HV-645 Harrison, Inc., a California corporation (herein called "Landlord"), and Twilio, Inc., a Delaware corporation (herein called "Tenant").

W I T N E S S E T H:

Landlord owns the building and improvements situated at 645 Harrison Street, San Francisco, California (the "Building"), and has agreed to lease to Tenant and Tenant has agreed to lease from Landlord a certain portion of the Building subject to and upon the terms, covenants and conditions set forth herein.

NOW, THEREFORE, Landlord and Tenant hereby covenant and agree as follows:

1. PREMISES

1.1 Upon and subject to the terms, covenants and conditions hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby hires from Landlord those premises in the Building comprising the area substantially as shown on the floor plan or plans attached hereto as Exhibit B, and as more specifically described in the Basic Lease Information attached hereto as Exhibit A (the "Premises"). The term "Building" includes the land upon which the Building stands and the facilities, drives, walkways, plazas and other amenities appurtenant to or servicing the Building. Except as expressly set forth herein and in Exhibit C, Landlord shall deliver the Premises to Tenant in "AS-IS" and "WHERE IS" condition and Landlord makes no representations or warranties as to the

compliance of the Building and/or Premises with any Laws (as defined in Article 10), and prior to execution of this Lease, Tenant has undertaken a complete and independent investigation of all such matters. Taking possession of the Premises shall be conclusive evidence that Tenant has accepted the Premises in good and satisfactory condition, subject to the provisions of Exhibit C.

1.2 Pre-Occupancy Access. Tenant shall have a license to access the Premises fourteen (14) days prior to the Commencement Date to allow Tenant to install its data communications equipment, phones and related cabling, and furniture (subject to the terms and conditions of this Lease) and make the Premises ready for Tenant's use (the "Tenant's Pre-Occupancy Work"), provided:

(a) Tenant shall give to Landlord a written request to have such access not less than three (3) business days prior to the date on which such proposed access will commence (the "Access Notice"). The Access Notice shall contain or be accompanied by each of the following items, all in form and substance reasonably acceptable to Landlord: (i) a description of and schedule for Tenant's Pre-Occupancy Work; (ii) the names and addresses of all contractors, subcontractors and material suppliers and all other representatives of Tenant who or which will be entering the Building and Premises on behalf of Tenant to perform Tenant's Pre-Occupancy Work or will be supplying materials for such work; (iii) copies of all licenses and permits required in connection with the performance of Tenant's Pre-Occupancy Work; and (iv) certificates of insurance (in amounts reasonably satisfactory to Landlord and with the parties identified in, or required by, the Lease named as additional insureds).

(b) Such pre-term access by Tenant and Tenant's employees, agents, contractors, consultants, workmen, mechanics, suppliers and invitees shall be subject to such scheduling as reasonably required by Landlord, provided that Tenant shall be provided access during normal business hours on the dates scheduled by Landlord.

(c) Tenant's employees, agents, contractors, consultants, workmen, mechanics, suppliers and invitees shall fully cooperate, work in harmony and not, in any manner, unreasonably or intentionally interfere with Landlord or Landlord's agents or representatives, Landlord's work in the Premises or in other areas of the Building, or the general operation of the Building. If at any time any such person representing Tenant shall not be cooperative or shall otherwise cause or threaten to cause any such disharmony or unreasonable or intentional interference, and Tenant fails to immediately institute and maintain corrective actions as directed by Landlord, then Landlord may revoke such license upon twenty-four (24) hours' prior written notice to Tenant.

(d) Any such entry into and occupancy of the Premises, Building or any portion thereof by Tenant or any person or entity working for or on behalf of Tenant shall be deemed to be subject to all of the terms, covenants, conditions and provisions of the Lease, excluding only the covenant to pay Base Rent, Excess Taxes, Excess Expenses and other Additional Rent. Except to the extent of Landlord's gross negligence or willful misconduct, Landlord shall not be liable for any injury, loss or damage that may occur to any of Tenant's Pre-Occupancy Work made in or about the Premises or Building or to any property placed therein prior to the commencement of the Term of the Lease including without limitation, any injury, loss or damage caused by Landlord's active or passive negligence, the same being at Tenant's sole risk and liability. Subject to Section 13.2, Tenant shall be liable to Landlord for any physical damage to any portion of the Premises or Building caused by Tenant or any of Tenant's employees, agents, contractors, consultants, workmen, mechanics, suppliers and/or invitees. In the event that the performance of Tenant's Pre-Occupancy Work causes extra costs to be incurred by Landlord or requires the use of other Building services, Tenant shall promptly reimburse Landlord for such extra costs and/or shall pay Landlord for such other Building services at Landlord's standard rates then in effect.

2. TERM

2.1 This Lease shall be for a term specified in the Basic Lease Information (" Term "); and the Term shall commence on the date provided for in the Basic Lease Information and shall end on the date provided for therein, unless sooner terminated as provided herein. If Landlord, for any reason whatsoever, fails to deliver possession of the Premises to Tenant on or prior to the date set forth in the Basic Lease Information for the commencement of the Term, then the following provisions shall apply: (i) the Term shall not commence on the date set forth above but shall commence on a date that Landlord delivers possession of the Premises to Tenant; (ii) neither the validity of this Lease nor the obligations of Tenant under this Lease shall be affected thereby, except that the Term shall begin on the date that Landlord delivers possession of the Premises to Tenant; and (iii) Tenant shall have no claim against Landlord because of Landlord's failure to deliver possession of the Premises on the date originally stated, except as otherwise expressly provided in this Lease. If Landlord tenders possession of the Premises to Tenant prior to the date specified for the commencement of the Term and Tenant chooses to accept such possession, then the Term and Tenant's obligations under the Lease shall commence on the date that Tenant accepts such possession, but in no event shall the Expiration Date be advanced by such early possession. The dates upon which the Term shall commence and terminate pursuant to this Article 2 are herein called the "Commencement Date" and the "Expiration Date," respectively. In the event the Commencement Date differs than that provided in the Basic Lease Information. the parties shall enter into a supplementary agreement identifying the Commencement Date and the Expiration Date immediately after the Commencement Date.

Notwithstanding the foregoing, if through no fault, action or inaction of Tenant, the Commencement Date has not occurred by March 1, 2013, Tenant shall be entitled to a credit against Base Rent equal to One Thousand Dollars ($1,000.00) per day beyond March 1, 2013. If through no fault, action or inaction of Tenant, the Commencement Date has not occurred as of April 1, 2013, Tenant shall have the right to terminate this Lease by written notice delivered to Landlord no later than April 5, 2013. If Tenant does not deliver a notice of termination by April 5, 2013, Tenant shall continue to accrue a credit against Base Rent equal to One Thousand Dollars ($1,000.00) per day through the earlier of the Commencement Date or April 30, 2013. If through no fault, action or inaction of Tenant, the Commencement Date has not occurred as of May 1, 2013, Tenant shall have the right to terminate this

Lease by written notice delivered to Landlord no later than May 5, 2013. If Tenant does not elect to terminate by May 5, 2013, Tenant shall be bound to accept the Premises when delivered by Landlord with total rent credits of Sixty One Thousand Dollars ($61,000), as full and final compensation to Tenant for any delayed delivery. Upon termination by Tenant on the terms provided herein, Landlord shall within thirty (30) days after receipt of notice of termination, return the Security Deposit to Tenant and shall also pay Tenant the amount of rent credits earned as of the date that the termination right arose ($30,000 for termination arising from April 1, 2013 termination date, or $61,000 for termination arising from May 1, 2013 termination date) as liquidated damages, and as full and final compensation to Tenant for any delayed delivery.

2.2. Landlord will perform the work substantially as set forth in **Exhibit C** ("Landlord's Work") subject to receipt of permits and all necessary approvals by the required government agencies.

3. RENT; ADDITIONAL CHARGES

3.1 Tenant shall pay to Landlord during the Term the annual Base Rent specified in the Basic Lease Information ("Base Rent"), which sum shall be payable by Tenant in equal consecutive monthly installments on or before the first (1st) day of each month of the Term commencing on the first (1st) day of the first month of the Term in advance, at the address specified for Landlord in the Basic Lease Information, or at such other place as Landlord shall designate, without any prior demand and without any deduction or setoff whatsoever; provided, Tenant shall deliver to Landlord, upon issuance of a building permit for the Tenant Improvements set forth in Exhibit C, Base Rent for the first (1st) month that Base Rent is due under the Lease. If the Commencement Date should occur on a day other than the first day of a calendar month, or the Expiration Date should occur on a day other than the last day of a calendar month, then the rental for such fractional month shall be prorated upon a daily basis based upon a thirty (30) day month.

3.2 Tenant shall pay to Landlord all charges and other amounts required under this Lease as additional rent hereunder ("Additional Charges"), including without limitation the charges for Excess Taxes and Expenses provided for in Article 4. All such amounts and charges shall be payable to Landlord at the place where the Base Rent is payable. Landlord shall have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent.

3.3 Tenant recognizes that late payment of any Base Rent or Additional Charges will result in additional administrative expense to Landlord and will impair Landlord's ability to meet its obligations with respect to the Building and otherwise, the exact extent of which additional expenses and impairment will be extremely difficult or impractical to determine. Tenant therefore agrees that if any Base Rent and/or Additional Charges remain unpaid for a period of five (5) days after the date the same is due, the amount of such unpaid Base Rent and/or Additional Charges shall be increased by a late charge to be paid to Landlord by Tenant in an amount equal to five percent (5%) of the amount of the past due Base Rent and/or Additional Charges. The amount of the late charge to be paid to Landlord by Tenant on any delinquent Base Rent and/or Additional Charges shall be reassessed and added to Tenant's obligation for each successive monthly period accruing after the date on which the late charge is initially imposed until such late charge and all delinquent Base Rent and Additional Charges have been paid in full by Tenant. Tenant agrees that such amount is a reasonable estimate of the loss and expense to be suffered by Landlord as a result of any such late payment by Tenant. The provisions of this Section 3.3 in no way relieve Tenant of the obligation to pay Base Rent or Additional Charges on or before the date on which they are due, nor do the terms of this Section 3.3 in the any way affect Landlord's remedies pursuant to Article 17 in the event any Base Rent or Additional Charges are unpaid after the due date.

4. ADDITIONAL CHARGES FOR EXPENSES AND REAL ESTATE TAXES

4.1 For purposes of this Article 4, the following terms shall have the meanings hereinafter set forth:

(a) "Tenant's Share" shall mean the percentage figure so specified in the Basic Lease Information. The rentable area of the Premises specified in the Basic Lease Information is conclusive and binding upon Tenant. Tenant's Share has been computed by dividing the rentable area of the Premises by the total rentable area of the Building. The total rentable area of the Building and the rentable area of the Premises has been calculated according to those standards promulgated by the Z65.1–1996 standards of the Building Owners' and Managers' Association and is not subject to change.

(b) "Tax and Expense Year" shall mean each twelve (12) consecutive month period commencing January 1st of each year or partial year during the Term, provided that Landlord, upon notice to Tenant, may change the Tax and Expense Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, Tenant's Share of Taxes and Expenses shall be equitably adjusted for the Tax and Expense Years involved in any such change.

(c) "Taxes" shall mean all taxes, assessments, fees, impositions and charges levied upon or with respect to the Building, any personal property of Landlord used in the operation of the Building, or Landlord's interest in the Building. Taxes shall include, without limitation and whether now existing or hereafter enacted or imposed, all general real property taxes, all general and special assessments, all charges, fees and levies for or with respect to transit, housing, police, fire or other governmental or quasi-governmental services or purported benefits to or burdens attributable to the Building or any occupants thereof, all service payments in lieu of taxes, and any tax, fee or excise on the act of entering into this Lease or any other lease of space in the Building or any occupants thereof, on the use or occupancy of the Building, on the rent payable under any lease or in connection with the business of renting space in the Building, that are now or hereafter levied or assessed against Landlord or the Building by the United States of America, the State of California, the City and County of San Francisco, or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may now or hereafter be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Taxes, whether or not now customary or in the contemplation of the parties on the date of this Lease. Taxes shall not include any franchise, transfer or inheritance or capital stock taxes, or any income taxes measured by the net income of Landlord from all sources, unless due to a change in the method of taxation any such taxes are levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a Tax. Taxes shall also include reasonable legal fees and other costs and disbursements incurred by Landlord in connection with proceedings to contest, determine or reduce Taxes.

(d) "Expenses" shall mean (1) all costs of management, operation, maintenance and repair of the Building, including without limitation janitorial, maintenance, security guard and other service contracts; charges for heat, light, power, water, sewer and waste disposal and other utilities furnished by Landlord and not otherwise billed directly to Tenant by Landlord; materials, supplies, equipment, and tools; costs for maintenance, replacement and repairs; insurance premiums and deductibles, and license, permit and inspection fees; the fair market rental value of Landlord's and the property manager's offices in the Building; wages, salaries, employee benefits and payroll costs of personnel engaged in the management, operation and maintenance of the Building; fees, charges and other costs, including, without limitation,

reasonable management fees, consulting fees, legal fees and accounting fees, of all independent contractors engaged by Landlord or reasonably charged by Landlord if Landlord performs any such services in connection with the Building; (2) the cost of any capital improvements made to the Building after its construction that reduce other Expenses or made to the Building after the date of this Lease as a result of governmental orders, ordinances, codes, rules and regulations that were inapplicable to the Building at the time permits for its construction were obtained, such cost to be amortized over the useful life of such item as Landlord shall reasonably determine, together with interest on the unamortized balance at a rate equal to ten percent (10%) per annum or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such improvements; and (3) any other expenses of any kind whatsoever reasonably incurred in managing, operating, maintaining and repairing the Building (other than Taxes and any services for which Landlord is separately or directly reimbursed by Tenant or other tenants of the Building). The computation of Expenses shall be made in accordance with generally accepted accounting principles. Expenses shall be adjusted to reflect a ninety-five percent (95%) occupancy of the Building during any period in which the Building is not at least ninety-five percent (95%) occupied.

Expenses shall not include: (i) costs or fees associated exclusively with leasing other portions of the Building to tenants; (ii) depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest; (iii) costs for which Landlord has been reimbursed by any tenant or occupant of the Building or by any insurance carrier; (iv) any bad debt loss or rent loss; (v) wages and benefits of any employee who does not devote substantially all of his or her employed time to the Building unless such wages and benefits are prorated to reflect time spent working for the Building; (vi) rental expenses incurred in leasing equipment which if purchased would be excluded from Expenses as a capital cost, with the exception of rental expenses for equipment which is not affixed to the Building, and rental expenses for equipment used to remedy or address an emergency or short-term condition in the Building; (vii) costs associated with the maintenance of the corporate structure of Landlord, or any business, professional fees, or costs incurred by Landlord which are not associated with Landlord's business as it relates to the operation of the Building; (viii) overhead and profit paid by Landlord to its subsidiaries or affiliates to the extent the same exceed overhead and profit which would have been paid to a qualified, first-class unaffiliated third party for the same work and which must be established by two (2) separate bids from unbiased third parties jointly agreed-upon by both Landlord and Tenant; (ix) reserves; and (x) costs incurred with removal of hazardous materials which existed at the Building as of the Commencement Date.

(e) "Excess Taxes" shall mean, with respect to any Tax and Expense Year, the amount, if any, by which Taxes for such Tax and Expense Year exceed the amount of Taxes for the Base Year specified in the Basic Lease Information.

(f) "Excess Expenses" shall mean, with respect to any Tax and Expense Year, the amount, if any, by which Expenses for such Tax and Expense Year exceed the amount of Expenses for the Base Year specified in the Basic Lease Information.

4.2 Tenant shall pay to Landlord as Additional Charges one-twelfth (1/12th) of Tenant's Share of the Excess Taxes and the Excess Expenses for each Tax and Expense Year or portion thereof following the Base Year on or before the first day of each month during such Tax and Expense Year, in advance, in an amount estimated by Landlord and billed by Landlord to Tenant; provided that Landlord shall have the right to revise such estimates from time to time and Tenant shall thereafter make payments hereunder on the basis of such revised estimates. With reasonable promptness after the end of each Tax and Expense Year, Landlord shall submit to Tenant a statement showing the actual amount which should have been paid by Tenant with respect to Excess Taxes and Excess Expenses for the past Tax and

Expense Year, the amount thereof actually paid during that year by Tenant and the amount of the resulting balance due thereof, or overpayment thereof, as the case may be. Within one hundred twenty (120) days after receipt by Tenant of said statement, but only upon four (4) days' prior written notice, Tenant shall have the right in person to inspect at Landlord's office during normal business hours Landlord's books and records showing the Taxes and Expenses for the Building for the Tax and Expense Year covered by said statement. Said statement shall become final and conclusive between the parties, their successors and assigns as to the matters set forth therein unless Landlord receives written objections with respect thereto within sixty (60) days after Tenant is provided access to inspect the books and records. Any balance shown to be due pursuant to said statement shall be paid by Tenant to Landlord within thirty (30) days following Tenant's receipt thereof; and any overpayment shall be immediately credited against Tenant's obligation to make monthly payments for Excess Taxes and Excess Expenses for the then current Tax and Expense Year, or, if by reason of any termination of the Lease no such obligation exists, any such overpayment shall be refunded to Tenant. Anything herein to the contrary notwithstanding, Tenant shall not delay or withhold payment of any balance shown to be due pursuant to the statement rendered by Landlord to Tenant pursuant to the terms hereof because of any objection which Tenant may raise with respect thereto; and Landlord shall immediately credit any overpayment found to be owing to Tenant against Tenant's Share of Excess Taxes and Excess Expenses for the then current Tax and Expense Year (and future calendar years, if necessary) upon the resolution of said objection, or, if at the time of the resolution of said objection the Term has expired, Landlord shall refund to Tenant any overpayment found to be owing to Tenant. If the Expiration Date shall occur on a date other than the last day of a Tax and Expense Year, Tenant's Share of Excess Taxes and Excess Expenses for the Tax and Expense Year in which the Expiration Date occurs shall be in the proportion that the number of days from and including the first day of the Tax and Expense Year in which the Expiration Date occurs to and including the Expiration Date bears to 365.

5. CONDUCT OF BUSINESS BY TENANT

5.1 Tenant shall use the Premises during the Term of this Lease solely for general office use and for no other use or uses without the prior written consent of Landlord, which Landlord may give or withhold in Landlord's sole discretion.

5.2 Tenant shall not use or occupy or permit the use or occupancy of the Premises or any part thereof for any use other than the use specifically set forth in Section 5.1, or in any manner that would conflict with the provisions of this Lease or that, in Landlord's reasonable judgment, would adversely affect or interfere with any services required to be furnished by Landlord to Tenant or to any other tenant or occupant of the Building, or with the proper and economical provision of any such service, or with the use or enjoyment of any part of the Building by any other tenant or occupant thereof, or that would conflict with or violate any permit or certificate of occupancy or completion required or issued for the Premises or any other part of the Building.

6. COMMON AREA AND BUILDING CHANGES

Tenant shall have a non-exclusive right to use, and permit its invitees to use, the areas of the Building designated by Landlord as common areas. The manner in which the common areas are maintained and operated and the expenditures for the maintenance and operation of the common areas shall be at the sole discretion of Landlord, and the use of such areas and any facilities shall be subject to the Rules and Regulations. The term "common areas" shall mean the truckways, loading docks, hallways, lobbies, corridors, delivery areas, elevators and stairs not contained in any of the leased areas of the Building, public bathrooms and comfort stations and all other areas or improvements that may be provided by Landlord for the convenience and use of the tenants of the Building and their respective agents, employees, customers and invitees, and any other licensees and invitees of Landlord. Landlord reserves the right, from time to time, to utilize portions of the common areas for entertainment, displays, the leasing of kiosks and other

retail sales locations, or such other uses that, in Landlord's judgment, tend to promote the character or attractiveness of the Building. Landlord further reserves the right, at any time and from time to time to make alterations, additions, repairs or improvements to or in or decrease the size or area of all or any part of the Building (except for the Premises), the fixtures and equipment therein, the heating, ventilation, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical systems of the Building (herein called "Building Systems"), the common areas and all other parts of the Building, and to change the arrangement and/or location of entrances or passageways, doors and doorways, corridors, elevators, stairs, toilets and other public parts of the Building, provided that such changes will not materially adversely affect Tenant's operations in the Premises. This Lease does not grant any rights to light or air over or about the Building. Landlord excepts and reserves exclusively to itself the use of: (1) roofs, (2) telephone, electrical and janitorial closets, (3) equipment rooms, Building risers or similar areas that are used by Landlord for the provision of Building services, (4) rights to the land and improvements below the floor of the Premises, (5) the improvements and air rights above the Premises, (6) the improvements and air rights outside the demising walls of the Premises, and (7) the areas within the Premises used for the installation of utility lines and other installations serving occupants of the Building. Landlord has the right to change the Building's name or address. Landlord also has the right to make such other changes to Building as Landlord deems appropriate, provided the changes do not materially affect Tenant's ability to use the Premises for the normal conduct of Tenant's business. Landlord shall also have the right (but not the obligation) to temporarily close the Building if Landlord reasonably determines that there is an imminent danger of significant damage to the Building or of personal injury to Landlord's employees or the occupants of the Building. The circumstances under which Landlord may temporarily close the Building shall include, without limitation, electrical interruptions, hurricanes, earthquakes and civil disturbances. A closure of the Building under such circumstances shall neither constitute a constructive eviction nor entitle Tenant to an abatement or reduction of Rent.

7. ALTERATIONS AND TENANT'S PROPERTY

7.1 Tenant shall not make or permit any alterations to the Building Systems; and shall not make or permit any alterations, additions or improvements, structural or otherwise (herein collectively called "Alterations"), in or to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld. Landlord shall have the right to deny consent to any Alteration in the event, among other reasons, such Alteration affects the Building Systems, exterior appearance of the Building, structural portions of the Building, or future value of the Premises. Unattached, movable trade fixtures which may be installed without drilling, cutting or otherwise defacing or damaging the Premises may be installed without Landlord's consent. All Alterations shall be done at Tenant's expense, in accordance with all Laws and plans and specifications approved by Landlord, in a good and workmanlike manner and after the receipt of all permits and approvals, at such times and in such manner as Landlord may designate, only by such contractors or mechanics as are approved by Landlord, and subject to all other conditions which Landlord may in its sole discretion impose, including without limitation Tenant obtaining such insurance coverage as Landlord may require. Tenant shall reimburse Landlord upon demand for Landlord's reasonable out-of-pocket expenses incurred by Landlord in connection with any Alterations made by Tenant, including, without limitation, a reasonable apportionment of salaries of existing employees, and any fees charged by Landlord's contractors to review plans and specifications prepared by Tenant. Upon completion, Tenant shall furnish "as-built" plans, completion affidavits, full and final waivers of lien and receipted bills covering all labor and materials. Tenant shall assure that the Alterations comply with all insurance requirements and Laws, including, without limitation, the Americans with Disabilities Act. Landlord's approval of an Alteration shall not be a representation by Landlord that the Alteration complies with applicable Laws or will be adequate for Tenant's use.

7.2 Except as provided below, all appurtenances, fixtures, improvements, equipment, additions, and other property attached to or installed in the Premises at the commencement of or during the

Term, whether or not pursuant to the Work Letter or by or on behalf of Tenant, and whether or not at Tenant's expense, shall be and remain the property of Landlord and shall not be removed by Tenant, except as hereinafter in this Article 7 expressly provided. All furniture, trade fixtures, furnishings and articles of movable personal property installed in the Premises by or for the account of Tenant without expense to Landlord and which can be removed without structural or other material damage to the Building (all of which are herein called "Tenant's Property") shall be and remain the property of Tenant and may be removed by it at any time during the Term; provided that if any of Tenant's Property is removed, Tenant or any person or entity entitled to remove it shall repair or pay the cost of repairing any damage to the Premises or to the Building resulting from such removal. Any equipment or other property for which Landlord shall have granted any allowance or credit to Tenant or which is a replacement for such items originally provided by Landlord at Landlord's expense shall not be considered Tenant's Property.

7.3 Upon the Expiration Date or earlier termination of this Lease, Tenant shall remove from the Premises all of Tenant's Property except such items as the parties shall have agreed are to remain and to become the property of Landlord. Tenant shall remove any Alterations which Landlord required to be removed upon its approval of the Alteration. In each instance, Tenant at its sole cost and expense shall repair any damage to the Premises or the Building resulting from such removal. Tenant's obligations under this Section 7.3 shall survive the termination of this Lease. Any items of Tenant's Property which shall remain in the Premises after the Expiration Date of this Lease may, at the option of Landlord, be deemed abandoned and in such case may either be retained by Landlord as its property or be disposed of, without accountability, at Tenant's expense in such manner as Landlord may see fit.

7.4 Notwithstanding anything to the contrary contained herein, Tenant shall, prior to the expiration of this Lease, at Tenant's expense and in compliance with the National Electric Code and other applicable Laws, remove all electronic, fiber, phone and data cabling and related equipment that has been installed by or for the benefit of Tenant in or around the Premises (collectively, the "Cabling"); provided, however, Tenant shall not remove such Cabling if Tenant receives a written notice from Landlord at least fifteen (15) days prior to the expiration of the Lease authorizing such Cabling to remain in place, in which event the Cabling shall be surrendered with the Premises upon the expiration or earlier termination of this Lease. All Alterations except those which Landlord requires Tenant to remove, shall remain in the Premises as the property of Landlord.

8. REPAIRS AND MAINTENANCE

8.1 Landlord shall repair and maintain the structural portions of the Building, the Building Systems and the common areas of the Building, provided that, subject to Section 13.2, Tenant shall be obligated to reimburse Landlord for any such repair or maintenance if necessitated or occasioned by the acts, omissions or negligence of Tenant or any person or entity claiming through or under Tenant, or any of their servants, employees, contractors, agents, customers, visitors or licensees, or by the condition of the Premises, or by the use or occupancy of the Premises by Tenant or any such person or entity. Tenant shall take good care of the Premises and, at Tenant's sole cost and expense, shall make all repairs and replacements that are not Landlord's express responsibility under this Lease, as and when Landlord deems necessary, to preserve the Premises in good working order and in a clean, safe and sanitary condition reasonable wear and tear excepted. Tenant's repair obligations include, without limitation, repairs to: (1) floor covering; (2) interior partitions; (3) doors; (4) the interior side of demising walls; (5) electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant and located in the Premises or other portions of the Building, (6) supplemental air conditioning units, private showers and kitchens, including hot water heaters, plumbing and similar facilities serving Tenant exclusively; and (7) Alterations performed by contractors retained by Tenant, including related HVAC balancing. Tenant hereby waives and releases any right it may have to make repairs at Landlord's expense under Sections

1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

8.2 All repairs and replacements by Tenant shall be made and performed: (a) at Tenant's cost and expense and at such time and in such manner as Landlord may designate, (b) by contractors or mechanics approved by Landlord, (c) so that same shall be at least equal in quality, value and utility to the original work or installation, (d) in a manner and using equipment and materials which will not interfere with or impair the operations of the Building Systems or the use and occupancy of the common areas of the Building or the premises of any other tenant of the Building, and (e) in accordance with the Rules and Regulations for the Building adopted by Landlord from time to time and in accordance with all applicable laws and regulations of governmental authorities having jurisdiction over the Premises. Tenant shall reimburse Landlord upon demand for Landlord's reasonable out-of-pocket expenses incurred in connection with any repairs or replacements required to be made by Tenant, including, without limitation, a reasonable apportionment of salaries of existing employees, and any fees charged by Landlord's contractors to review plans and specifications prepared by Tenant. If Landlord gives Tenant notice of the necessity of any repairs or replacements required to be made under Section 8.1 and Tenant fails to commence diligently to effect the same within ten (10) days thereafter, Landlord may proceed to make such repairs or replacements; and the expenses incurred by Landlord in connection therewith, together with an amount equal to fifteen percent (15%) of the total cost of such expenses to reimburse Landlord for its administrative and managerial time and effort, shall be due and payable from Tenant upon demand.

9. LIENS

Tenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Tenant or any person or entity claiming through or under Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause same to be released of record by payment or posting of a proper bond, Landlord shall have in addition to all other remedies provided herein and by law the right but not the obligation to cause same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith (including without limitation reasonable counsel fees) shall be payable to Landlord by Tenant upon demand. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Landlord shall deem proper for the protection of Landlord, the Premises and the Building, and any other party having an interest therein, from mechanics' and materialmen's liens. Tenant shall give to Landlord at least five (5) business days prior written notice of commencement of any repair or construction on the Premises.

10. COMPLIANCE WITH LAWS AND HAZARDOUS MATERIALS

10.1 Definitions.

(i) "Hazardous Materials" shall mean (i) any substance (A) that now or in the future is regulated or governed by, requires investigation or remediation under, or is defined as a hazardous waste, hazardous substance, pollutant or contaminant under any governmental statute, code, ordinance, regulation, rule or order, and any amendment thereto, including for example only the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., or (B) that is toxic, explosive, corrosive, flammable, radioactive, carcinogenic, dangerous or otherwise hazardous, including gasoline, diesel fuel, petroleum hydrocarbons, polychlorinated biphenyls

(PCBs), asbestos, radon and urea formaldehyde foam insulation; and (ii) any Mold Conditions (as defined in Section 10.8).

(ii) "Environmental Requirements" shall mean all present and future local, state or federal law, ordinance, rule, regulation, code or order of any governmental entity or insurance requirement (including, without limitation, orders, permits, licenses, approvals, authorization and other requirements of any kind) applicable to Hazardous Materials.

(iii) "Handled by Tenant" and "Handling by Tenant" shall mean and refer to any installation, handling, generation, storage, use, disposal, discharge, release, abatement, removal, transportation, or any other activity of any type by Tenant or its agents, employees, contractors, licensees, assignees, sublessees, transferees or representatives (collectively, "Representatives") or its guests, customers, invitees or visitors (collectively, "Visitors"), at or about the Premises in connection with or involving Hazardous Materials.

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

10.2 Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated, including without limitation, the requirements of the Americans with Disabilities Act, a federal law codified at 42 U.S.C. 12101 et seq., including, but not limited to Title III thereof all regulations and guidelines related thereto and all requirements of Title 24 of the State of California (collectively, the "Laws"), regarding the operation of Tenants business and the use, condition, configuration and occupancy of the Premises. Tenant shall not be liable or responsible for correction of any conditions in the Premises or Building which existed as of the Commencement Date, and which are later determined to constitute a violation of the Laws. Tenant, within ten (10) days after receipt, shall provide Landlord with copies of any notices it receives regarding a violation or alleged violation of any Laws. Tenant shall not do or permit anything to be done in or about the Premises or bring or keep anything therein which will in any way increase the rate of any insurance upon the Building or any of its contents or cause a cancellation of such insurance or otherwise affect such insurance in any manner, and Tenant shall at its sole cost and expense promptly comply with all laws, Statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by alterations or improvements made by Tenant or Tenants use of the Premises.

10.3 No Hazardous Materials shall be handled by Tenant at or about the Premises without Landlord's prior written consent, which consent may be granted, denied or conditioned upon compliance with Landlord's requirements, all in Landlord's absolute discretion. Notwithstanding the foregoing, normal quantities and use of those Hazardous Materials customarily used in a general office use, may be used and stored at the Premises without Landlord's prior written consent ("Permitted Hazardous Materials"), provided that Tenant's activities at or about the Premises and the Handling by Tenant of all such Hazardous Materials shall comply at all times with all Environmental Requirements. At the expiration or termination of the term of the Lease, Tenant shall promptly remove from the Premises all Hazardous Materials Handled by Tenant at the Premises. Tenant shall keep Landlord fully and promptly informed of

all Handling by Tenant of Hazardous Materials other than Permitted Hazardous Materials. Tenant shall be responsible and liable for compliance with all of the provisions of this Article 10 by all of Tenant's Representatives and Visitors, and all of Tenant's obligations under this Article 10 (including its indemnification obligations under Section 10.6 below) shall survive the expiration or termination of the Lease.

10.4 Tenant shall at Tenant's expense promptly take all actions required by any governmental agency or entity in connection with or as a result of the Handling by Tenant of Hazardous Materials at or about the Premises, including inspection and testing, performing all cleanup, removal and remediation work required with respect to those Hazardous Materials, complying with all closure requirements and post-closure monitoring, and filing all required reports or plans. All of the foregoing work and all Handling by Tenant of all Hazardous Materials shall be performed in a good, safe and workmanlike manner by consultants qualified and licensed to undertake such work and approved in writing in advance by Landlord. Tenant shall deliver to Landlord prior to delivery to any governmental agency, or promptly after receipt from any such agency, copies of all permits, manifests, closure or remedial action plans, notices, and all other documents relating to the Handling by Tenant of Hazardous Materials at or about the Premises. If any lien attaches to the Premises in connection with or as a result of the Handling by Tenant of Hazardous Materials, and Tenant does not cause the same to be released, by payment, bonding or otherwise, within ten (10) days after the attachment thereof, Landlord shall have the right but not the obligation to cause the same to be released and any sums expended by Landlord in connection therewith shall be payable by Tenant on demand.

10.5 Landlord shall have the right, but not the obligation, to enter the Premises at any reasonable time upon reasonable notice (i) to confirm Tenant's compliance with the provisions of this Article 10, and (ii) to perform Tenant's obligations under this Article 10 if Tenant has failed to do so after reasonable notice to Tenant. Landlord shall also have the right to engage qualified Hazardous Materials consultants to inspect the Premises and review the Handling by Tenant of Hazardous Materials, including review of all permits, reports, plans and other documents regarding same. Tenant shall pay to Landlord on demand the costs of Landlord's consultants' fees and all costs incurred by Landlord in performing Tenant's obligations under this Article 10. Landlord shall use reasonable efforts to minimize any interference with Tenant's business caused by Landlord's entry into the Premises, but Landlord shall not be responsible for any interference caused thereby.

10.6 To the fullest extent allowed under applicable law, Tenant agrees to indemnify, defend, protect and hold harmless Landlord and its directors, officers, shareholders, employees, agents and representatives from all Environmental Losses and all other claims, actions, losses, damages, liabilities, costs and expenses of every kind including reasonable attorneys', experts' and consultants' fees and costs, incurred at any time and arising from or in connection with the Handling by Tenant of Hazardous Materials at or about the Premises or Tenant's failure to comply in full with all Environmental Requirements with respect to the Premises. The obligations of Tenant under this Article shall survive the expiration or sooner termination of this Lease. Landlord acknowledges that Tenant shall not be responsible for, and the duty to indemnify does not include, Environmental Losses arising out of conditions in the Premises which existed as of the Commencement Date ("Pre-existing Conditions"), or which exist at any time in other areas of the Building and which do not arise out of Tenant's conduct ("Conditions Outside of Premises"). Landlord shall indemnify, defend and hold harmless Tenant and its directors, officers, shareholders, employees, agents and representatives from all Environmental Losses arising out of Pre-existing Conditions or Conditions Outside of the Premises.

10.7 Landlord shall deliver the Premises to Tenant in compliance with the Americans with Disabilities Act ("ADA"). Tenant, at Tenant's sole cost and expense, shall be responsible for and Landlord shall have no responsibility or liability for, any alterations, modifications or improvements to the

Premises and/or Building and the acquisition of any auxiliary aids required under the ADA after delivery of the Premises, including all alterations, modifications or improvements to the Premises required, directly or indirectly: (i) as a result of the use or occupancy of the Premises by Tenant; (ii) as a result of Tenant (or any subtenant, assignee or concessionaire) being a Public Accommodation (as such term is defined in the ADA); (iii) as a result of the Premises being a Commercial Facility (as said term is defined in the ADA); (iv) as a result of any leasehold improvements, alterations or additions made to the Premises by or on behalf of Tenant or any subtenant, assignee or concessionaire (whether or not Landlord's consent to such leasehold improvements or alterations was obtained); and/or (v) as a result of the employment by Tenant (or any subtenant, assignees or concessionaires) of any individual with a disability. Any Alterations to be constructed by Tenant shall be in compliance with the requirements of the ADA. Tenant shall be solely responsible for ensuring that the design of the Alterations comply with all requirements of the ADA. Except as otherwise expressly provided in this Section 10.7, Tenant shall be responsible at its sole cost and expense for fully and feithfully complying with all applicable requirements of the ADA pertaining to Tenant's use and improvement of the Premises. Within ten (10) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other with copies of (as applicable), any notices alleging violation of the ADA relating to any portion of the Premises or the Building; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the Premises or the Building; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Premises or the Building. Tenant shall and hereby agrees to indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold Landlord and Cresleigh Management, Inc., harmless from and against all liabilities, damages, claims, losses, penalties, judgments, charges and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, Tenant's violation or alleged violation of the ADA. Tenant agrees that the obligations of Tenant herein shall survive the expiration or earlier termination of this Lease. Landlord and Tenant further acknowledge and agree that, Tenant shall promptly (i) notify Landlord in writing of such requirement(s), (ii) Tenant

shall perform such work promptly and in accordance with all Laws as an Alteration and (iii) Tenant shall be solely responsible for the payment of any and all costs, expenses, fees and charges required to be expended to perform all of such work. With respect to the use restrictions set forth in the Lease, and the restrictions on assignments and subletting set forth in the Lease, it is hereby specifically understood and agreed that Landlord shall have no obligation to consent to or permit the use of the Premises or an assignment of the Lease or a sublease of all or a portion of the Premises (collectively herein a "Use Change") if such Use Change would require the making of any alterations, modifications or improvements to the Premises or Building, or the acquisition of any auxiliary aids under the ADA, unless Tenant performs all such acts and satisfies Landlord's requirements for financial responsibility for the costs of such compliance, which requirements may include, by way of example, posting of a completion bond or establishment of an escrow account.

10.8 Mold.

(i) Because mold spores are present essentially everywhere and mold can grow in almost any moist location, Tenant acknowledges the necessity of adopting and enforcing good housekeeping practices, ventilation and vigilant moisture control within the Premises (particularly in kitchen areas, janitorial closets, bathrooms, in and around water fountains and other plumbing facilities and fixtures, break rooms, in and around outside walls, and in and around HVAC systems and associated drains) for the prevention of mold (such measures, "Mold Prevention Practices"). Tenant shall, at its sole cos; and expense, keep and maintain the Premises in good order and condition in accordance with the Mold Prevention Practices and acknowledges that the control of moisture and prevention of mold within the Premises are integral to its obligations under the Lease.

(ii) Tenant, at its sole cost and expense, shall (a) regularly monitor the Premises for the presence of mold and any conditions that reasonably can be expected to give rise to or be attributed to mold including, but not limited to, observed or suspected instances of water damage, condensation, seepage, leaks, or any other water collection or penetration (from any source, internal or external), mold growth, mildew, repeated complaints of respiratory ailments or eye irritation by Tenant's employees or any other occupants of the Premises, or any notice from a governmental agency of complaints regarding the indoor air quality at the Premises (the "Mold Conditions"); and (b) immediately notify Landlord in writing if it observes, suspects, has reason to believe mold or Mold Conditions are present in, at, or about the Premises.

(iii) In the event of suspected mold or Mold Conditions in, at, or about the Premises and surroundings areas, Landlord may cause an inspection of the Premises to be conducted, during such time as Landlord may designate, to determine if mold or Mold Conditions are present in, at, or about the Premises.

(iv) Tenant releases and relieves Landlord from any and all liability for bodily injury and damage to property, waives any and all claims against Landlord, and assumes all risk of personal injury and property damage related to or allegedly caused by or associated with any mold or Mold Conditions, arising after the Commencement Date, in or on the Premises unless the mold or Mold Conditions arise from the conduct of another tenant or from areas outside of the Premises.

11. SUBORDINATION

Upon lease execution, Landlord shall provide Tenant with a commercially reasonable form of SNDA executed by any lender with a current secured interest against the Building. Without the necessity of any document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to all ground leases or underlying leases which may now exist or hereafter be executed affecting the Building, and to the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Building, the Premises, ground leases or underlying leases, or Landlord's interest or estate in any of said items, is specified as security. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such ground leases or underlying leases or any such liens to this Lease. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the Tenant of the successor in interest to Landlord, at the option of such successor in interest. The provisions of this Article 11 shall be self-operative and no further instrument shall be required. Tenant covenants and agrees, however, to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases, the lien of any such mortgage or deed of trust or any reciprocal easement agreements. Upon any sale of the Building, or refinance of any loan secured by the Building, Landlord agrees to use its best efforts to obtain an executed SNDA from any new lender.

12. INABILITY TO PERFORM

If Landlord is unable to perform or make, or is delayed in performing or making, any construction, installations, decorations, repairs, alterations, additions or improvements, whether required to be performed or made under this Lease or under any collateral instrument, or is unable to fulfill or is delayed in fulfilling any of Landlord's other obligations under this Lease or any collateral instrument, by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, inability to obtain utilities or materials or by any other reason beyond Landlord's reasonable control, or if Landlord enters the Premises or makes any improvements, alterations, additions, repairs or restoration to the Premises, the Building or any portion

thereof subject to and in accordance with any provision of this Lease, then no such inability or delay by Landlord and no such entry or work by Landlord shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Base Rent or Additional Charges, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby. Tenant hereby waives and releases any right to terminate this Lease under Section 1932(1) of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

13. DAMAGE AND DESTRUCTION

13.1 If the Premises or the Building is damaged by fire or other casualty, Landlord shall forthwith repair such damage, subject to the provisions of this Section 13.1, if, in Landlord's judgment, such repairs can be made within one hundred eighty (180) days after the date of such damage; provided, however the repairs to be made hereunder by Landlord shall not include, and Landlord shall not be required to repair or replace (i) any damage by fire or other cause to Tenant's Property, paneling, decorations, railings or floor coverings, or to any Alterations, additions, fixtures or improvements installed on the Premises by or at the expense of Tenant or (ii) any damage caused by the negligence of Tenant, its contractors, agents, licensees or employees. During the making of such repairs by Landlord this Lease shall remain in full force and effect, except that if the damage is not the result of any act, neglect, default or omission of Tenant, its agents, employees or invitees, Tenant shall be entitled to a reduction of Base Rent and Additional Charges while such repair is being made in the proportion that the rentable area of the Premises rendered untenantable by such damage bears to the total rentable area of the Premises. Within forty five (45) days after the date of such damage, Landlord shall notify Tenant whether or not such repairs can be made within one hundred eighty (180) days after the date of such damage ("Damage Notice") and Landlord's determination thereof shall be binding on Tenant. If such repairs cannot be made within one hundred eighty (180) days from the date of such damage, Landlord shall have the option within sixty (60) days after the date of such damage either to: (a) notify Tenant of Landlord's intention to repair such damage and diligently prosecute such repairs, in which event this Lease shall continue in full force and effect and the Base Rent and Additional Charges shall be reduced as provided herein; or (b) notify Tenant of Landlord's election to terminate this Lease as of the date specified in the notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given. If the Damage Notice states that such repairs cannot be made within one hundred eighty (180) days from the date of such damage and the damage is such that it substantially handicaps, impedes or impairs Tenant's ability to conduct its business in the Premises, Tenant shall have the option within thirty (30) days after the date of such damage to terminate this Lease. If the repairs are not substantially completed within the later of (x) one hundred eighty (180) days or (y) the estimated restoration period originally given by Landlord, and the condition of the Premises is such that it substantially handicaps, impedes or impairs Tenant's ability to conduct its business in the Premises, Tenant shall have the option to terminate this Lease and must provide notice of the same to Landlord within fourteen (14) business days of the expiration of such restoration period, or such termination right is waived. In the event that such notice to terminate is given as provided above, this Lease shall terminate on the date specified in such notice. In case of termination, the Base Rent and Additional Charges shall be reduced by a proportionate amount based upon the extent to which such damage interfered with the business carried on by Tenant in the Premises as reasonably determined by Landlord, and Tenant shall pay such reduced Base Rent and Additional Charges up to the date of termination. Landlord agrees to refund to Tenant any Base Rent and Additional Charges previously paid for any period of time subsequent to such date of termination. Landlord shall also have the right to terminate this Lease if; (1) Landlord is not permitted by Law to rebuild the Building in substantially the same form as existed before the fire or casualty; (2) the Premises have been materially damaged and there is less than two (2) years of the Term remaining on the date of the casualty; (3) any mortgagee requires that the insurance proceeds be applied to the payment of the mortgage debt; or (4) a material uninsured loss to the Building occurs. Landlord may exercise its right to terminate this Lease

by notifying Tenant in writing within sixty (60) days after the date of the casualty. Tenant hereby waives the provisions of Section 1932, subdivision 2, and Section 1933, subdivision 4, of the Civil Code of California.

13.2 Landlord and Tenant hereby waive any right that each may have against the other on account of any loss or damage arising in any manner which is covered by policies of insurance (or which policies are required to be maintained) for fire and extended coverage, public liability, workmen's compensation and other insurance existing during the Term of this Lease. Landlord and Tenant agree that neither party's insurers shall hold any right of subrogation against the other party, and Landlord and Tenant agree to have their respective insurers include such waiver in any policy of insurance that applies to the Building or the Premises, the contents therein or the use and occupancy thereof.

14. EMINENT DOMAIN

14.1 If all or any part of the Premises shall be taken as a result of the exercise of the power of eminent domain or any transfer in lieu thereof, this Lease shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Landlord or Tenant shall have the right to terminate this Lease as to the balance of the Premises by written notice to the other within thirty (30) days after such date, provided, however, that a condition to the exercise by Tenant of such right to terminate shall be that the portion of the Premises taken shall be of such extent and nature as substantially to handicap, impede or impair Tenant's use of the balance of the Premises. Landlord shall also have the right to terminate this Lease if there is a taking of any portion of the Building which would leave the remainder of the Building unsuitable for use as an office building in a manner comparable to the Building's use prior to the taking. In the event of any taking, Landlord shall be entitled to any and all compensation, damages, income, rent, awards, or any interest therein whatsoever which may be paid or made in connection therewith, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease or otherwise; provided that Landlord shall have no claim to any portion of the award that is specifically allocable to Tenant's relocation expenses or the interruption of or damage to Tenant's business or the value of any Alterations which Landlord required to be removed upon expiration of the term. In the event of a termination of this Lease, the Base Rent and Additional Charges thereafter to be paid shall be equitably reduced. Tenant hereby waives any rights it may have under Sections 1265.120 or 1265.130 of the California Code of Civil Procedure. If this Lease is not terminated, the rentable square footage of the Building, the rentable square footage of the Premises and Tenant's Share shall, if applicable, be appropriately adjusted.

14.2 Notwithstanding any other provision of this Article 14, if a taking occurs with respect to all or any portion of this Premises for a limited period of time, this Lease shall remain unaffected thereby and Tenant shall continue to pay Base Rent and Additional Charges and to perform all of the terms, conditions and covenants of this Lease. In the event of any such temporary taking, Tenant shall be entitled to receive that portion of any award which represents compensation for the use or occupancy of the Premises during the Term up to the total Base Rent and Additional Charges owing by Tenant for the period of the taking, and Landlord shall be entitled to receive the balance of any award.

15. ASSIGNMENT AND SUBLETTING

15.1 Tenant shall not directly or indirectly, voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder (collectively, "Assignment"), or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises (collectively, ''Sublease") without Landlord's prior written consent in each instance.

15.2 If Tenant desires at any time to enter into an Assignment of this Lease or a Sublease of the Premises or any portion thereof, it shall first give written notice to Landlord of its desire to do so, which notice shall contain (a) the name of the proposed assignee or sublessee, (b) the terms and provisions of the proposed Assignment or Sublease, and (c) such financial information concerning the proposed assignee or sublessee as Landlord may reasonably request ("Tenant's Notice").

15.3 At any time after Landlord's receipt of Tenant's Notice, Landlord may elect to (a) in the event that the Tenant's Notice proposes a Sublease of the entire Premises for any duration, or an Assignment, terminate this Lease, (b) consent to the Sublease or Assignment, or (c) disapprove the Sublease or Assignment; provided, however, that if Landlord elects not to exercise the option set forth in clause (a) above, Landlord shall not unreasonably withhold its consent to the Assignment or Sublease. If Landlord elects to terminate this Lease pursuant to clause (a), Tenant may elect in writing delivered to the Landlord to rescind its request for consent within ten (10) business days, and upon such written rescissions of its request, the termination shall be null and void. As a condition for granting its consent to any Assignment or Sublease, Landlord may require that Tenant agree pay to Landlord fifty percent (50%) of the amount by which the sums payable to Tenant in connection with such Assignment or Sublease exceed the Base Rent payable by Tenant to Landlord (or a proportionate amount of such Base Rent representing a portion of the Premises subject to a Sublease or Assignment if less than the entire Premises is subject to a Sublease or Assignment). In the event Landlord exercises this right, Tenant shall be entitled to recapture brokerage fees, legal fees, free rent and improvement costs associated with the Sublease or Assignment ("Transfer Expenses") up to one dollar per rentable square foot for the remainder of the lease term. Tenant's recapture of the Transfer Expenses shall be spread proportionately over the remaining term of the Lease and will be applied against the amount payable to Landlord. If Landlord consents to the Sublease or Assignment, Tenant may within ninety (90) days after Landlord's consent, but not later than the expiration of said ninety (90) days, enter into such Assignment or Sublease of the Premises or portion thereof, upon the terms and conditions set forth in Tenant's Notice.

15.4 No consent by Landlord to any Sublease or Assignment by Tenant shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether arising before or after the Assignment or Sublease. The consent by Landlord to any Assignment or Sublease shall not relieve Tenant from the obligation to obtain Landlord's express written consent to any other Assignment or Sublease. Any Sublease or Assignment that is not in compliance with this Article 15 shall be void and, at the option of Landlord, shall constitute a material default by Tenant under this Lease. The acceptance of any Base Rent or other payments by Landlord from a proposed assignee or sublessee shall not constitute consent to such Sublease or Assignment by Landlord.

15.5 An Assignment or a Sublease of all or a portion of the Premises (A) to an entity which owns more than fifty (50%) of Tenant, or of which Tenant owns more than fifty percent (50%) or which is owned and controlled by the same entities as Tenant; (B) arising out of the sale of an ownership interest in Tenant; (C) to an entity that acquires all or substantially all of the ownership interests or assets of Tenant; or (D) to an entity resulting from a merger or consolidation of Tenant ("Permitted Transferees") shall not require Landlord's consent pursuant to Section 15.3 provided that (i) Tenant is not in default, (ii) the Assignment or Sublease is not a subterfuge by Tenant to avoid its obligations under the Lease; and (iii) such Permitted Transferee is of a character and reputation consistent with the quality of the Building. All other provisions of Article 15 apply to an Assignment or Sublease to a Permitted Transferee.

15.6 Each assignee, sublessee or other transferee, other than Landlord, shall assume all obligations of Tenant under this Lease and shall be and remain liable jointly and severally with Tenant for the payment of Base Rent and Additional Charges, and for the performance of all of the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed; provided, however, that any sublessee shall be liable to Landlord for Base Rent only in the amount set forth in the Sublease. No

Assignment shall be binding on Landlord or effective unless the assignee or Tenant shall deliver to Landlord a counterpart of the Assignment and an instrument in recordable form that contains a covenant of assumption by such assignee satisfactory in substance and form to Landlord, but the failure or refusal of such assignee to execute such instrument of assumption shall not release or discharge such assignee from its liability as set forth above, and no Assignment or Sublease shall be binding on Landlord or effective until Tenant, Landlord and the assignee or subtenant execute and deliver to the others Landlord's form of consent. Tenant shall reimburse Landlord on demand for any costs that may be incurred by Landlord in connection with any proposed Sublease or Assignment, including, without limitation, the costs of making investigations as to the acceptability of the proposed assignee or sublessee and legal costs incurred in connection with the granting of any requested consent.

16. SERVICES AND UTILITIES

16.1 Landlord will furnish the following services to Tenant: (i) cleaning services, normal and usual in a first class office building, on Monday through Friday, except that shampooing and replacement of carpet as required by Tenant shall be Tenant's expense; (ii) automatically operating elevator service available in accordance with the Rules and Regulations, public stairs, electrical current for lighting, incidentals, and normal office use, and water at those points of supply provided for the general use of tenants at all times and on all days throughout the year; (iii) heat and air conditioning sufficient for an occupancy of 125 square feet per person on Monday through Friday from 9:00 A.M. to 8:00 P.M. and on Saturday from 10:00 A.M. to 2:00 P.M. (except, however, on legal holidays and any other generally recognized holidays which Landlord may designate); and (iv) an access control system. Landlord shall also furnish heat and air conditioning at such other times as are not provided for herein, provided Tenant gives written request to Landlord before 2:00 P.M. of the business day preceding the extra usage, and provided Tenant pays Landlord's costs of furnishing such heat or air conditioning.

16.2 Tenant agrees at all times to cooperate fully with Landlord and to abide by all the regulations and requirements which Landlord may prescribe for the proper functioning and protection of the heating, ventilating and air conditioning system. Wherever heat-generating machines, excess lighting or equipment are used in the Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to install supplementary air conditioning units in the Premises, and the cost thereof, including the cost of installation and the cost of operation and maintenance thereof, shall be paid by Tenant to Landlord upon demand by Landlord.

16.3 No electric current shall be used except that furnished or approved by Landlord, nor shall electric cable or wire be brought into the Premises, except upon the written consent and approval of the Landlord. Tenant shall use only office machines and equipment that operate on the Building's standard electric circuits, but which in no event shall overload fee Building's standard electric circuits from which the Tenant obtains electric current. Any consumption of electric current in excess of usual, normal and customary business office use, with an acknowledgement of Tenant's anticipated high density use of the Premises, or which require special circuits or equipment (the installation of which shall be at Tenant's expense after approval in writing by the Landlord), shall be paid for by the Tenant as an Additional Charge payable to Landlord upon demand in an amount to be determined by Landlord, based upon Landlord's estimated cost of such excess electric current consumption. If Tenant shall require water, electric current or any other resource in excess of that usually furnished or supplied for use of the Premises as general office space, Landlord may cause a special meter to be installed in the Premises so as to measure the amount of water, electric current or other resource consumed by Tenant. Tenant agrees to pay Landlord upon demand by Landlord for all such water, electric current or other resource consumed, as shown by any such meter, at the rates charged by the local public utility furnishing the same, plus any additional expense incurred in keeping account of the water, electric current or other resource so consumed. The cost of any such meters and of installation, maintenance, and repair thereof shall also be paid for by Tenant.

16.4 Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the rental herein reserved be abated by reason of (i) failure to furnish or delay in furnishing any such utilities or services when such failure or delay is caused by acts of God or the elements, labor disturbances of any character, any other accidents or other conditions beyond the reasonable control of Landlord, or by construction, repairs or improvements to the Premises or to the Building, or (ii) the limitation, curtailment, rationing or restriction on use of water or electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises or the Building. Landlord shall not be in default hereunder, and shall not be liable for any damages directly or indirectly resulting from the installation, use or interruption of use, of any equipment in connection with the furnishing of any of the foregoing utilities and services, subject to Tenant's ability to establish a right to abate rent for an interruption in use of such services and utilities under California law. Furthermore, Landlord shall be entitled to cooperate voluntarily in a reasonable manner with the efforts of national, state or local governmental agencies or utilities suppliers in reducing energy or other resource consumption.

16.5 Without the prior written consent of Landlord, which Landlord may refuse in Landlord's sole discretion, Tenant shall not place or install in the Premises any machine or equipment the weight of which shall exceed the normal load bearing capacity of the floors of the Building; and if Landlord consents to the placement or installation of any such machine or equipment in the Premises, Tenant at its sole cost and expense shall reinforce the floor of the Premises in the area of such placement or installation, pursuant to plans and specifications approved by Landlord and otherwise in compliance with Article 7, to the extent necessary to assure that no damage to the Premises or the Building or weakening of any structural supports will be occasioned thereby.

17. DEFAULT

17.1 Any failure to pay any Base Rent or Additional Charges as and when due, or any failure to perform or comply strictly with any covenant, condition or representation made under this Lease (including any exhibits hereto), shall constitute a default hereunder by Tenant, subject in the specific instances set forth below to the expiration of the appropriate grace period hereinafter provided. Tenant shall have a period of three (3) business days from the date of written notice from Landlord within which to cure any default in the payment of Base Rent or Additional Charges; provided, however, that Landlord shall not be required to provide such notice regarding Tenant's failure to make such payments as and when due more than twice in any twelve month period, and any such failure by Tenant after Tenant has received two such notices from Landlord shall constitute a default by Tenant hereunder without any requirement on the part of Landlord to give Tenant notice of such failure. Tenant shall have a period of ten (10) days from the date of written notice from Landlord within which to cure any other default under this Lease; provided, however, that with respect to any default other than the payment of Base Rent or Additional Charges that cannot reasonably be cured within ten (10) days, the default shall not be deemed uncured if Tenant commences to cure within ten (10) days from Landlord's notice and continues to prosecute diligently the curing thereof to completion within a reasonable time, but in any event Tenant must complete such cure within sixty (60) days after the date of Landlord's notice.

17.2 Upon the occurrence of a default by Tenant which is not cured by Tenant within the applicable grace period specified in Section 17.1, Landlord shall have the following rights and remedies in addition to all other rights or remedies available to Landlord at law or in equity:

(a) The rights and remedies provided by California Civil Code Section 1951.2, including, but not limited to, the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Base Rent and Additional

Charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that the Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of said Section 1951.2.

(b) The rights and remedies provided by California Civil Code Section 1951.4, which allows Landlord to continue this Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due, for so long as Landlord does not terminate Tenant's right to possession; provided, however, if Landlord elects to exercise its remedies under California Civil Code Section 1951.4 and Landlord does not terminate this Lease, and if Tenant requests Landlord's consent to an Assignment or Sublease at such time Tenant is in default, Landlord shall not unreasonably withhold its consent to such Assignment or Sublease. Acts of maintenance or preservation, efforts to relet the Premises or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not constitute a termination of Tenant's right to possession. If Landlord exercises its rights under California Civil Code Section 1951.4, Landlord as attorney-in-fact for Tenant may from time to time sublet the Premises or any part thereof for such term or terms (which may extend beyond the Term) and at such rent and upon such other terms as Landlord in its sole discretion may deem advisable, with the right to make alterations and repairs to the Premises. Upon each such subletting: (i) Tenant shall be immediately liable for payment to Landlord of, in addition to Base Rent and Additional Charges due hereunder, the cost of such subletting and such alterations and repairs incurred by Landlord and the amount, if any, by which the Base Rent and Additional Charges owing hereunder for the period of such subletting (to the extent such period does not exceed the Term) exceeds the amount to be paid as Base Rent and Additional Charges for the Premises for such period pursuant to such subletting; or (ii) at the option of Landlord, rents received from such subletting shall be applied, first, to payment of any indebtedness other than Base Rent and Additional Charges due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future Base Rent and Additional Charges as the same become due hereunder. If Tenant has been credited with any rent to be received from such subletting under clause (i) and such rent shall not be promptly paid to Landlord by the subtenant(s), or if such rentals received from such subletting under clause (ii) during any month are less than those required to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly within five (5) days following written notice from Landlord. For all purposes set forth in this subsection 17.2(b) and in subsection 17.2(d), Landlord is hereby irrevocably appointed attorney-in-fact for Tenant, with power of substitution. No taking possession of the Premises by Landlord as attorney-in-fact for Tenant shall be construed as an election on Landlord's part to terminate this Lease or Tenant's right to possession unless a written notice of such intention is given to Tenant. No action taken by Landlord pursuant to this subsection 17.2(b) shall be deemed a waiver of any default by Tenant and, notwithstanding any such subletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous default and dispossess Tenant by giving notice to Tenant in accordance with applicable law.

(c) The right and power, as attorney-in-fact for Tenant, to enter the Premises and remove all persons and property from the Premises, to store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant, and to sell such property and apply the proceeds pursuant to applicable California law.

(d) The right to have a receiver appointed for Tenant upon application by Landlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Landlord as attorney-in-fact for Tenant pursuant to subsections 17.2(b) and 17.2(d).

17.3 Termination of this Lease under this Article 17 and exercise of any remedies of Landlord as provided herein shall not affect or terminate the right of Landlord to enforce any and all indemnities given Landlord by Tenant under the terms of this Lease.

18. INSOLVENCY OR BANKRUPTCY

The appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted, shall constitute a breach of this Lease by Tenant. Upon the happening of any such event, this Lease shall automatically terminate without further notice of termination from Landlord to Tenant, provided that Landlord may enforce any of its remedies under Section 17.2, except subsection (b) thereof, and provided further that neither such termination nor exercise of remedies shall affect or terminate the right of Landlord to enforce any and all indemnities given Landlord by Tenant under the terms of this Lease. In no event shall this Lease be assigned or assignable by operation of law or by voluntary or involuntary bankruptcy proceedings or otherwise, and in no event shall this Lease or any rights or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency, reorganization or other debtor relief proceedings.

19. FEES AND EXPENSES; INDEMNITY

19.1 If Tenant shall default in the performance of its obligations under this Lease beyond applicable notice and cure periods, if any, Landlord at any time thereafter and without notice may remedy such default for Tenant's account and at Tenant's expense without thereby waiving such default or any rights or remedies of Landlord on account of such default. Except as otherwise specifically provided in this Lease, Tenant shall pay to Landlord within five (5) days after delivery by Landlord to Tenant of bills or statements therefor: (a) sums equal to all expenditures made and monetary obligations incurred by Landlord, including without limitation expenditures made and obligations incurred for reasonable counsel fees, in connection with the remedying by Landlord for Tenant's account pursuant to the immediately preceding sentence; (b) sums equal to all losses, costs, liabilities, damages and expenses referred to in Section 19.2; (c) sums equal to all expenditures made and monetary obligations incurred by Landlord, including without limitation expenditures made and obligations incurred for reasonable counsel fees and disbursements and court costs, in collecting or attempting to collect the Base Rent, any Additional Charges or any other sum of money accruing under this Lease or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, provided that Landlord shall not be entitled to such fees if a court of law determines (after expiration of appeals therefrom) that Landlord's attempted enforcement was without merit; and (d) all other sums of money accruing from Tenant to Landlord under the provisions of this Lease. Tenant's obligations under this Section 19.1 shall survive the termination of this Lease.

19.2 Except to the extent of claims or liabilities resulting from the gross negligence or willful misconduct of Landlord or Landlord's Representatives, Tenant agrees to indemnify Landlord and Landlord's Representatives, defend against and save Landlord and Landlord's Representatives harmless from any and all losses, claims, judgments, costs, liabilities, damages and expenses, including without limitation penalties, fines and reasonable counsel fees and disbursements and court costs, incurred in connection with or arising from any cause whatsoever in, on or about the Premises, including without limiting the generality of the foregoing: (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed, or (b) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any person or entity claiming through or under Tenant, or (c) the condition of the

Premises or any occurrence or happening on the Premises from any cause whatsoever, and/or (e) any acts, omissions or negligence of Tenant or any person or entity claiming through or under Tenant, or of the contractors, agents, servants, employees, visitors or

licensees of Tenant or any such person or entity, in, on or about the Premises or the Building, either prior to the commencement of, during, or after the expiration of the Term, including without limitation any acts, omissions or negligence in the making or performing of any Alterations. In the event any action or proceeding is brought against Landlord for any claim against which Tenant is obligated to indemnify Landlord hereunder, Tenant upon notice from Landlord shall defend such action or proceeding at Tenant's sole expense by counsel selected by Landlord. The provisions of this Section 19.2 shall survive the expiration of this Lease with respect to any claim or liability occurring prior to such expiration or termination.

20. LIABILITY AND PROPERTY INSURANCE

Tenant shall procure at is cost and expense and keep in effect during the Term workers' compensation insurance in statutory amounts, employer's liability insurance in the minimum amounts of $1,000,000 each accident for bodily injury by accident and $1,000,000 each employee for bodily injury by disease with a $1,000,000 limit, and commercial general liability insurance, including contractual liability with a minimum combined single limit of liability of not less than $2,000,000 or such greater amount as Landlord may specify from to time by written notice to Tenant. Such insurance shall name Landlord and Landlord's authorized agent, Cresleigh Management, Inc. ("Cresleigh"), as additional insureds, shall specifically include the liability assumed hereunder by Tenant (provided that the amount of such insurance shall not be construed to limit the liability of Tenant hereunder), shall provide that it is primary insurance and not excess over or contributory with any other valid, existing and applicable insurance in force for or on behalf of Landlord or Cresleigh, and shall provide that Landlord shall receive thirty (30) days' written notice from the insurer prior to any cancellation or change of coverage. Tenant shall also procure at its cost and expense and keep in effect during the Term insurance against damage by fire and other perils included within "all-risk" coverage in an amount not less than the full replacement cost of all Alterations in the Premises and all of Tenant's Property. Tenant shall deliver policies of such insurance or certificates thereof to Landlord on or before the Commencement Date and thereafter at least thirty (30) days before the expiration dates of expiring policies; and in the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates, Landlord may, at its option, procure same for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor. If at any time or from time to time, the insurance coverage specified herein is no longer adequate in the reasonable opinion of Landlord, Tenant shall increase the coverage to the amount specified by Landlord within thirty (30) days after notice from Landlord. Tenant's compliance with the provisions of this Article 20 shall in no way limit Tenant's liability under any provisions of Article 19.

21. LIMITATION OF LANDLORD'S LIABILITY

Landlord shall not be responsible for or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connected with the Premises or any part of the Building or for any loss or damage resulting to Tenant or its property from burst, stopped or leaking water, gas, sewer or steam pipes or for any damage or loss of property within the Premises from any causes whatsoever, including theft, unless such damage or loss resulted from Landlord's gross negligence or willful misconduct.

22. ACCESS TO PREMISES

Landlord reserves for itself, and any designated agent, representative, employee or contractor, and shall at all times have the right to enter the Premises at all reasonable times to inspect same, to supply any service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, mortgagees or tenants, to post notices of nonresponsibility, and to alter, improve or repair the Premises and any portion of the Building, without abatement of Base Rent or Additional Charges, and may for that

purpose erect, use and maintain scaffolding, pipes, conduits and other necessary structures in and through the Premises where reasonably required by the character of the work to be performed, provided that the entrance to the Premises shall not be blocked, and further provided that the business of Tenant shall not be interfered with unreasonably. Landlord shall also have the right to place for sale and for lease signs on the outside of the Premises and in the Common Areas at any time during the Term. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance in writing by Tenant). Landlord shall have the right to use any and all means that Landlord may deem necessary or proper to open said doors in an emergency in order to obtain entry to any portion of the Premises, and any entry to the Premises or portions thereof obtained by Landlord by any of said means, or otherwise, shall not under any circumstance be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

23. NOTICES

Notices, or other communications given or required to be given under this Lease shall be effective only if rendered or given in writing, sent by certified mail with a return receipt requested or delivered personally: (a) to Tenant (i) at Tenant's address set forth in the Basic Lease Information, if sent prior to Tenant's taking possession of the Premises, or (ii) at the Premises if sent subsequent to Tenant's taking possession of the Premises, or (iii) at any place where Tenant or any agent, officer or employee of Tenant may be found if sent subsequent to Tenant's vacating, deserting, abandoning or surrendering the Premises; or (b) to Landlord at Landlord's address set forth in the Basic Lease Information; or (c) to such other address as either Landlord or Tenant may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Article 23. Any such notice or other communication shall be deemed to have been rendered or given two (2) days after the date when it shall have been mailed if sent by certified mail, or upon the date personal delivery is made.

24. NO WAIVER

No failure by Landlord to insist upon the strict performance of any obligation of Tenant under this Lease or to exercise any right, power or remedy consequent upon a breach thereof, no acceptance of full or partial Base Rent or Additional Charges during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any employee or agent of Landlord shall constitute a waiver of any such breach or of such term, covenant or condition or operate as a surrender of this Lease. Neither this Lease nor any term or provision of the Lease may be changed, waived, discharged or terminated orally, and no breach of the Lease shall be waived, altered or modified, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other than the existing or subsequent breach thereof. The consent of Landlord given in any instance under the terms of this Lease shall not relieve Tenant of any obligation to secure the consent of Landlord in any other or future instance under the terms of this Lease.

25. TENANT'S CERTIFICATES

From time to time upon not less than ten (10) days prior written notice from Landlord, Tenant will execute, acknowledge and deliver to Landlord and, at Landlord's request, to any prospective purchasers, ground or underlying lessor or mortgagee of any part of or interest of Landlord in the Building, a certificate

of Tenant stating: (a) that Tenant has accepted the Premises (or, if Tenant has not done so, that Tenant has not accepted the Premises and specifying the reasons therefor), (b) the Term Commencement Date and Expiration Date of this Lease, (c) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that same is in full force and effect as modified and stating the modifications), (d) whether or not there are then existing any defenses against the enforcement of any of the obligations of Tenant under this Lease (and, if so, specifying same), (e) whether or not there are then existing any defaults by Landlord in the performance of its obligations under this Lease (and, if so, specifying same), (f) the dates, if any, to which the Base Rent and Additional Charges under this Lease have been paid, and (g) any other information that may reasonably be required by any of such persons. It is intended that any such certificate of Tenant delivered pursuant to this Article 25 may be relied upon by Landlord and any prospective purchaser, ground or underlying lessor or mortgagee of any part of the Building. Tenant's failure to execute and deliver such certificate to Landlord within ten (10) days of Landlord's written notice shall constitute a certification by Tenant (i) that Tenant has accepted the Premises, (ii) that there are no existing defenses against the enforcement of the obligations of Tenant under the Lease, and (iii) that there are no existing defaults by Landlord in the performance of its obligations under the Lease. In addition, Tenant's failure to execute and deliver such certificate to Landlord within (10) days of Landlord's written notice shall constitute a certification by Tenant that the information required in (b), (c), (f) and (g) of this Article 25 to be included in the certificate of Tenant is as indicated by Landlord in writing to any prospective purchaser, ground or underlying lessor or mortgagee of any part of the Building or the land upon which the Building is located, if such a writing is provided by Landlord as a result of Tenant's failure to timely provide a Tenant's certificate pursuant to this Article 25.

26. RULES AND REGULATIONS

Tenant shall faithfully observe and comply and cause Tenant's contractors, subcontractors, customers, employees, invitees, assignees and subtenants to comply with the rules and regulations attached to this Lease as Exhibit D and all reasonable modifications thereof and additions thereto from time to time put into effect by Landlord (the "Rules and Regulations"). Landlord shall use reasonable efforts to enforce the Rules and Regulations against other tenant or occupant of the Building, provided that in no event shall Landlord be responsible for the nonperformance of the Rules and Regulations by such tenants or occupants. In the event of any express conflict between the terms, covenants, agreements and conditions of this Lease and those of the Rules and Regulations, this Lease shall control.

27. TAX ON TENANT'S PERSONAL PROPERTY

At least ten (10) days prior to delinquency, Tenant shall pay all taxes levied or assessed upon Tenant's Property and shall upon request by Landlord deliver satisfactory evidence of such payment to Landlord. If the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon Tenant's Property, Tenant shall pay to Landlord, upon written demand, the taxes so levied against Landlord, or the portion thereof resulting from said increase in assessment, as determined from time to time by Landlord.

28. SECURITY DEPOSIT

Upon execution of this Lease, Tenant shall pay to Landlord and Landlord shall acknowledge receipt of Tenant's Security Deposit (as defined in Exhibit A attached hereto) for the faithful performance of all terms, covenants and conditions of this Lease. The Security Deposit is specified in the Basic Lease Information, and is further defined, and subject to the terms and conditions, in the Letter of Credit Rider in Exhibit E attached hereto. Tenant agrees that Landlord may, without waiving any of Landlord's other rights and remedies under this Lease upon the occurrence of any of the events of default described in Article 17 hereof, apply the Security Deposit in whole or in part to remedy any default by Tenant hereunder beyond

applicable notice and cure periods, if any. Landlord will within thirty (30) days following the termination hereof return the remaining portion of said sum to Tenant or the last permitted assignee of Tenant's interest hereunder. Should Landlord use any portion of the Security Deposit to cure any default by Tenant hereunder, Tenant shall forthwith replenish the Security Deposit to the original amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on any such deposit. Tenant waives (i) California Civil Code Section 1950.7 and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("Security Deposit Laws"), and (ii) any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Notwithstanding anything to the contrary herein, the Security Deposit may additionally be retained and applied by Landlord (a) to offset Rent which is unpaid either before or after termination of this Lease, and (b) against other damages suffered by Landlord before or after termination of this Lease.

29. DEFAULT BY LANDLORD

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after notice by Tenant to Landlord specifying the nature of the obligation Landlord has failed to perform; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

30. BROKERS

Tenant warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease excepting only the brokers specified in the Basic Lease Information, and it knows of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Tenant agrees to indemnity Landlord and hold Landlord harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expense (including reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of Tenant's dealings with any real estate broker or agent other than as specified in the Basic Lease Information. Landlord acknowledges that Tenant is not responsible for payment of the brokers specified in the Basic Lease Information.

31. INTENTIONALLY DELETED

32. AUTHORITY

If Tenant signs as a corporation, limited liability company or a partnership, each person executing this Lease on behalf of Tenant does hereby covenant and warrant that (i) Tenant is a duly authorized and existing entity, (ii) Tenant has and is qualified to do business in California, (iii) Tenant has full right and authority to enter into this Lease, (iv) each person signing on behalf of Tenant is authorized to do so and (v) this Lease is a valid and binding obligation of and enforceable against Tenant. Upon Landlord's request, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord confirming the foregoing covenants and warranties.

33. SIGNS AND BUILDING NAME

At no additional cost to Tenant, using Building standard signage, Landlord shall identify Tenant as a tenant of the Building on the lobby directory in the ground floor of the Building and on the floor on which

the Premises is located. To the extent that such signage is approved by the necessary government agencies, Tenant shall have the right to install tenant signage on the front (north) or back (south) side of the building ("Tenant's Sign"). Tenant's Sign shall not exceed three feet by ten feet (3' x 10') and must be of a design, and in a location, approved by Landlord in its sole discretion. Upon approval by Landlord of a design and location, and occupancy of the Premises by Tenant, Landlord will submit the signage for approval by the necessary governmental agency. Tenant's Sign will be at Tenant's sole cost, including costs of review and approval by any necessary government agency, installation, upkeep and maintenance as deemed necessary by Landlord.

Except as set forth above, Tenant shall not place any sign upon the Premises or Building without Landlord's prior consent which Landlord may withhold in its sole and absolute discretion. If Landlord consents to a sign proposed by Tenant, Tenant shall comply in all respects with size, design, lettering and material guidelines established by Landlord for such sign. Tenant shall bear the full cost of creating, installing, designing, and removing any signs which are approved by Landlord. Approval by Landlord of one form of sign for Tenant, or for another tenant, does not obligate Landlord to approve any subsequent sign. Landlord reserves the right to require removal of previously approved signs; provide that Tenant shall retain the right to install an approved form of Tenant's Sign throughout the duration of Tenant's occupancy of the entire Premises. The name of the Building may be changed from time to time in Landlord's sole discretion.

34. PUBLIC TRANSIT INFORMATION AND BICYCLE PARKING

34.1 Tenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including without limitation the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Building and encouraging use of such facilities, and shall comply with all regulations promulgated from time to time by the City of San Francisco with regard to public transit usage, all at Tenant's sole cost and expense.

34.2 Landlord will provide a locked, secure access bicycle parking area on the Ground Floor of the Building ("Bicycle Parking Area") for the use of all tenants in the Building. Tenant shall be entitled to receive twenty (20) free passes to the Bicycle Parking Area for the duration of the Lease, and shall be entitled to purchase additional passes to the Bicycle Parking Area at the rate established by Landlord for all tenants of the Building.

34.3 To the extent that Bicycle Parking Area does not have enough room to accommodate the bicycles of Tenant's employees, Landlord shall use its best efforts to expand the Bicycle Parking Area, or to construct an additional locked, secure access bicycle parking area. Tenant shall notify Landlord of any shortage of bicycle parking for its employees. Tenant's notice must state the total number of bicycles of its employees which require parking as of the date of the notice, as well as a projected need for further bicycle parking for its employees for the next twelve (12) months so that Landlord may promptly determine how it will accommodate the additional bicycle parking required by Tenant. From the date of such notice by Tenant through the date that Landlord notifies Tenant that sufficient further bicycle parking is available, Tenant's employees shall be permitted to store their bicycles in the Premises on a daily basis; provided that any employees who do so must use the freight elevator, and must avoid any damage to the elevator, lobby, carpeting, walls and all other areas; and provided further that Tenant shall be responsible for any damage caused by the transport of bicycles to the Premises. Once Landlord creates sufficient additional bicycle parking to accommodate Tenant's employees, Landlord shall provide written notice of the availability of sufficient bicycle parking, and the right to bring bicycles to the Premises shall terminate. Landlord may change the location of the Bicycle Parking Area, the number or form of the bicycle racks and configuration of the Bicycle Parking Area at any time, in Landlord's sole discretion.

35. MISCELLANEOUS

35.1 The words “Landlord” and “Tenant” as used herein shall include the plural as well as the singular. The words used in the neuter gender include the masculine and feminine. If there is more than one Tenant, the obligations under this Lease imposed on Tenant shall be joint and several. If a partnership or more than one legal person is at any time Tenant, (i) each partner and each legal person is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant, and (ii) the term “Tenant” as used in this Lease shall mean and include each of them jointly and severally and the act of or notice from, or notice or refund to, or the signature of, any one or more of them, with respect to the tenancy or this Lease, including but not limited to any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted or so given or received such notice or refund or so signed.

35.2 Each Exhibit to this Lease is and shall be deemed to be an integral part of this Lease and for the avoidance of doubt references to “Basic Lease Information” in this Lease shall mean the Basic Lease Information set out in Exhibit A, as the same may be amended from time to time. The terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided herein, their respective personal representatives and successors and assigns. Upon the sale, assignment or transfer by Landlord named herein (or by any subsequent landlord) of its interest in the Building or the Premises, Landlord (or any subsequent landlord) shall be relieved from all subsequent obligations or liabilities under this Lease, and all obligations and liabilities arising subsequent to such sale, assignment or transfer shall be binding upon the grantee, assignee or other transferee of such interest.

35.3 If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the full extent permitted by law. This Lease shall be construed and enforced in accordance with the laws of the State of California.

35.4 Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease; and this instrument is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

35.5 This instrument, including the exhibits hereto, which are made a part of this Lease, contains the entire agreement between the parties and all prior negotiations and agreements are merged herein. Tenant acknowledges and agrees that Tenant has not relied upon any statement, representation, prior written or contemporaneous oral promises, agreements or representations except as may be expressly provided herein, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth herein.

35.6 In the event that either Landlord or Tenant fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable counsel fees.

35.7 Upon the Expiration Date, Tenant will quietly and peacefully surrender to Landlord the Premises in the condition in which they are required to be kept as provided in Article 8 hereof, ordinary wear and tear and the provisions of Article 13 excepted.

35.8 Provided that there is not a default by Tenant beyond any applicable notice and cure period, if any, Tenant may peacefully and quietly enjoy the Premises during the Term as against all persons or entities lawfully claiming by or through Landlord; subject, however, to the provisions of this Lease and to any mortgages and deeds of trust and any ground or underlying leases referred to in Article 11.

35.9 Tenant covenants and agrees that no diminution or shutting off of light, air or view by any structure that may hereafter be erected (whether or not by Landlord) and that no closing off or removal of any windows in the Premises that may be required at any time by any governmental authority shall entitle Tenant to any reduction of the Base Rent or Additional Charges under this Lease, result in any liability of Landlord to Tenant, or in any other way affect this Lease or Tenant’s obligations hereunder.

35.10 No surrender of the Premises prior to the expiration of the Term shall be valid unless accepted by Landlord in writing. Any holding over after the expiration of the Term with the consent of Landlord shall be construed to be a tenancy from month to month at a monthly Base Rent equal to two hundred percent (200%) of the latest Base Rent payable by Tenant hereunder prior to such expiration (prorated on a monthly basis) together with an amount estimated by Landlord for the monthly Additional Charges payable under this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable. Any holding over without Landlord’s consent shall constitute a default by Tenant and entitle Landlord to exercise any or all of its remedies as provided in Article 17 hereof, notwithstanding that Landlord may elect to accept one or more payments of Base Rent and Additional Charges from Tenant.

35.11 In the event of any default by Landlord hereunder, Tenant shall look only to Landlord’s interest in the Building for the satisfaction of Tenant’s remedies; and no other property or assets of Landlord or any partner, member, officer or director thereof, disclosed or undisclosed, shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant’s remedies under or with respect to this Lease. Neither Landlord nor any Landlord related party shall be personally liable for any judgment or deficiency. Before filing suit for an alleged default by Landlord, Tenant shall give Landlord and the mortgagee(s) whom Tenant has been notified hold mortgages on the Building or Premises, notice and reasonable time to cure the alleged default.

35.12 Time is of the essence of all provisions of this Lease in which a definite time for performance is specified.

35.13 Tenant shall not record this Lease or any memorandum without Landlord’s prior written consent.

35.14 To the extent permitted by applicable law, Landlord and Tenant hereby waive any right to trial by jury in any proceeding arising out of or related to this Lease.

35.15 Tenant acknowledges that the contents of this Lease and any related documents are confidential information. Tenant shall keep and maintain such information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant’s financial, legal and space planning consultants.

35.16 Anti-Terrorism Provisions

(i) Tenant represents and warrants as of the date of this Lease and throughout the Term of this Lease that: (a) Tenant is and will continue to be in compliance with the Anti-Terrorism Laws (as defined below); (b) Tenant is not, and will not be, a Prohibited Person (as defined below); (c) Tenant does not and will not knowingly: (A) conduct any business or engage in any transaction or dealing with any Prohibited Person, or (B) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order 13224 (as defined below); and (d) Tenant has not entered into this Lease directly or indirectly on behalf of, and Tenant is not otherwise acting, directly or indirectly, for or on behalf of any Prohibited Person. Tenant shall promptly notify Landlord if it has reason to believe that any of the foregoing representations and warranties are no longer correct.

(ii) For the purposes hereof: (a) “Anti-Terrorism Laws” means any laws related to terrorism or money laundering, including Executive Order 13224 and the USA Patriot Act (as defined below), and any regulations promulgated under either of them; (b) “Executive Order 13224” means Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001; (c) “Person” means any individual, corporation, partnership, joint venture, limited liability company, association, bank, joint-stock company, trust, unincorporated organization or government, or an agency or political subdivision thereof; (d) “Prohibited Person” means (A) a Person subject to the provisions of Executive Order 13224; (B) a Person owned or controlled by, or acting for or on behalf of, an entity that is subject to the provisions of Executive Order 13224; (C) a Person with whom Tenant is prohibited from dealing by any of the Anti-Terrorism Laws; (D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order 13224; (E) a Person or entity that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department’s Office of Foreign Assets Control; or (F) a Person who is affiliated with a Person described in clauses (A) through (E) above; and (e) “USA Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56, as may be amended from time to time.

(iii) Tenant shall defend, indemnify, and hold harmless Landlord, its members, trustees and agents and its and their respective employees, officers, directors and members from and against any and all claims, damages, losses, risks, liabilities, and expenses (including reasonable attorneys’ fees and costs) arising from or related to any breach of the foregoing representations and warranties.

(iv) Tenant acknowledges and agrees that, notwithstanding anything to the contrary in this Lease, Landlord may withhold its consent to any Assignment or Sublease of this Lease if the prospective assignee or subtenant is a Prohibited Person.

36. OPTION TO EXTEND TERM

36.1. Subject to the provisions, limitations and conditions set forth in this Article 36, Tenant shall have an option (the “Option”) to extend the Term for all of the Premises for one (1) additional three (3) year period (the “Extended Term”).

36.2 If Landlord does not receive written notice from Tenant of its exercise of the Option on a date which is not more than three hundred sixty-five (365) days nor less than two hundred seventy (270) days prior to the end of the initial term of the Lease (the "Option Notice"), all rights under the Option shall automatically terminate and shall be of no further force or effect.

36.3 The initial monthly Base Rent for the Extended Term shall be the then current market rent for the highest and best use for similar space within the competitive market area of the Premises (the "Fair Rental Value"). "Fair Rental Value" of the Premises means the current market rental value of the Premises as of the commencement of the Extended Term, taking into consideration all relevant factors,

including length of term, the uses permitted under the Lease, the quality, size, design and location of the Premises, including the condition and value of existing tenant improvements, and the monthly base rent paid by tenants for premises comparable to the Premises, and located in the competitive market area of the Premises, as reasonably determined by Landlord.

If Landlord and Tenant are unable to agree on the Fair Rental Value for the Extended Term within ten (10) business days of receipt by Landlord of the Option Notice for the Extended Term, Landlord and Tenant each, at its cost and by giving notice to the other party, shall appoint a competent and impartial commercial real estate broker (hereinafter "broker") with at least five (5) years' full-time commercial real estate brokerage experience in the geographical area of the Premises to set the Fair Rental Value for the Extended Term. If either Landlord or Tenant does not appoint a broker within ten (10) days after the other party has given notice of the name of its broker, the single broker appointed shall be the sole broker and shall set the Fair Rental Value for the Extended Term. If two (2) brokers are appointed by Landlord and Tenant as stated in this paragraph, they shall meet promptly and attempt to set the Fair Rental Value. If the two (2) brokers are unable to agree upon the Fair Rental Value within ten (10) days after the second broker has been appointed, the two (2) brokers shall attempt to select a third broker, meeting the qualifications stated in this paragraph within ten (10) days after the last day the two (2) brokers are given to set the Fair Rental Value. If the two (2) brokers are unable to agree on the third broker, either Landlord or Tenant by giving ten (10) days' notice to the other party, can apply to the Presiding Judge of the Superior Court of the county in which the Premises is located for the selection of a third broker who meets the qualifications stated in this paragraph. Landlord and Tenant each shall bear one-half (½) of the cost of appointing the third broker and of paying the third broker's fee. The third broker, however selected, shall be a person who has not previously acted in any capacity for either Landlord or Tenant. Within fifteen (15) days after the selection of the third broker, the third broker shall select one of the two Fair Rental Values submitted by the first two brokers as the Fair Rental Value for the Extended Term, which selection shall be final and binding upon Landlord and Tenant. If either of the first two (2) brokers fails to submit their opinion of the Fair Rental Value within the time frames set forth above, then the single Fair Rental Value submitted shall automatically be the initial monthly Base Rent for the Extended Term.

Upon determination of the initial monthly Base Rent for the Extended Term pursuant to the terms outlined above, Landlord and Tenant shall immediately execute an amendment to the Lease. Such amendment shall set forth among other things, the initial monthly Base Rent for the Extended Term and the actual Term Commencement Date and expiration date of the Extended Term. Tenant shall have no other right to further extend the term of the Lease unless Landlord and Tenant otherwise agree in writing.

36.4 If Tenant timely and properly exercises this Option, in strict accordance with the terms contained herein: (1) Tenant shall accept the Premises in its then "As-Is" condition and, accordingly, Landlord shall not be required to perform any additional improvements to the Premises; and (2) Tenant hereby agrees that it will solely be responsible for any and all brokerage commissions and finder's fees payable to any broker now or hereafter procured or hired by Tenant or who claims a commission based on any act or statement of Tenant ("Tenant's Broker") in connection with the Option; and Tenant hereby further agrees that Landlord shall in no event or circumstance be responsible for the payment of any such commissions and fees to Tenant's Broker.

36.5 The Option is personal to Tenant and may not be assigned, voluntarily or involuntarily, separate from or as part of the Lease and no assignee or subtenant shall have any right under this Article unless Landlord expressly agrees so in writing. At Landlord's option, all rights of Tenant under the Option shall terminate and be of no force or effect if any of the following individual events occur or any combination thereof occur: (1) Tenant has been in default beyond any applicable notice and cure periods at any time during the Term, or is currently in default beyond any applicable notice and cure period of any provision of the Lease; or (2) other than to a Permitted Transferee, Tenant has assigned its rights and

obligations under all or part of the Lease or Tenant has subleased all or part of the Premises; or (3) there has occurred a material and adverse change to Tenant's financial condition; or (4) Tenant has failed to exercise properly the Option in a timely manner in strict accordance with the provisions of this Article; or (5) if the Lease has been terminated earlier, pursuant to the terms of the Lease.

37. RIGHT TO FIRST NOTICE

37.1 Subject to the provisions, limitations and conditions set forth in this Article 37, Tenant shall have the right to receive notice of the availability of space for lease on the Ground Floor or Second Floor throughout the Term.

37.2 In the event that Landlord desires to lease any portion of the Ground or Second Floor ("Available Space"), during the Term, Landlord shall notify Tenant of the availability of such space. Landlord's notice may be oral or written, and shall include the basic terms and conditions upon which Landlord is then willing to lease the Available Space. Landlord's notice may he made within forty-eight (48) hours of making the Available Space publicly available for lease.

37.3 Tenant may submit an offer to lease the Available Space. Landlord may reject or approve any such offer in its sole discretion, regardless of whether Tenant's offer meets the basic terms and conditions provided by Landlord in its notice. Landlord retains full discretion as to its ultimate determination of whether to lease the Available Space to Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease the day and year first above written.

LANDLORD:		TENANT:	
HV- 645 HARRISON, INC., a California corporation		Twilio, Inc. a Delaware corporation	
By:	/s/ L. Lui	By:	/s/ Lee T. Kirkpatrick
Name:	L. Lui	Name:	Lee T. Kirkpatrick
Its:	Pres.	Its:	CFO

Exhibit A

Basic Lease Information

Date: July 13, 2012

LANDLORD:
Address: HV- 645 HARRISON, INC.
433 California Street, 7th Floor
San Francisco, California 94104
Telephone: (415) 982-7777
Contact: Lawrence Lui

TENANT:
Address Prior to Occupancy:

Following Occupancy:

645 Harrison Street, Third Floor
San Francisco, California 94104
Telephone: (415) 967-5177
Contact: Lee Kirkpatrick

Article 1 Premises

Rentable Area of Premises: 38,122 square feet
Rentable Area of Building: 143,455 square feet
Floor of Building: Third Floor (3rd)

Article 2 Term

Commencement Date: The later to occur of (a) January 1, 2013; and (b) the earlier of (i) the first date on which Tenant conducts business in the Premises pursuant to this Lease, or (ii) fourteen days after Landlord tenders possession of the Leased Premises to Tenant in the condition required under this Lease with the Tenant Improvements substantially completed, which is anticipated to be January 1, 2013.

Expiration Date: Sixty (60) months following the Commencement Date

Article 3 Base Rent

Period	Annual Base Rent per Rentable Square Foot	Monthly Base Rent
0-12*	$ 45	$ 142,957.50
13-24*	$ 45	$ 142,957.50
25-36	$ 48	$ 152,488.00
37-48	$ 49	$ 155,664.83
49-60	$ 50	$ 158,841.67

*Base Rent for Months one through twelve shall be payable on 30,000 rentable square feet, and on the full rentable square feet for the remainder of the Term; Rent shall be abated one hundred percent (100%) for the Month one (1) and Month Twelve (12) of the Term.

Article 4 Tenant's Share: 26.57%

Base Year: Calendar Year 2013

Article 28 Security Deposit: $1,000,000 Letter of Credit as provided in the Letter of Credit Rider

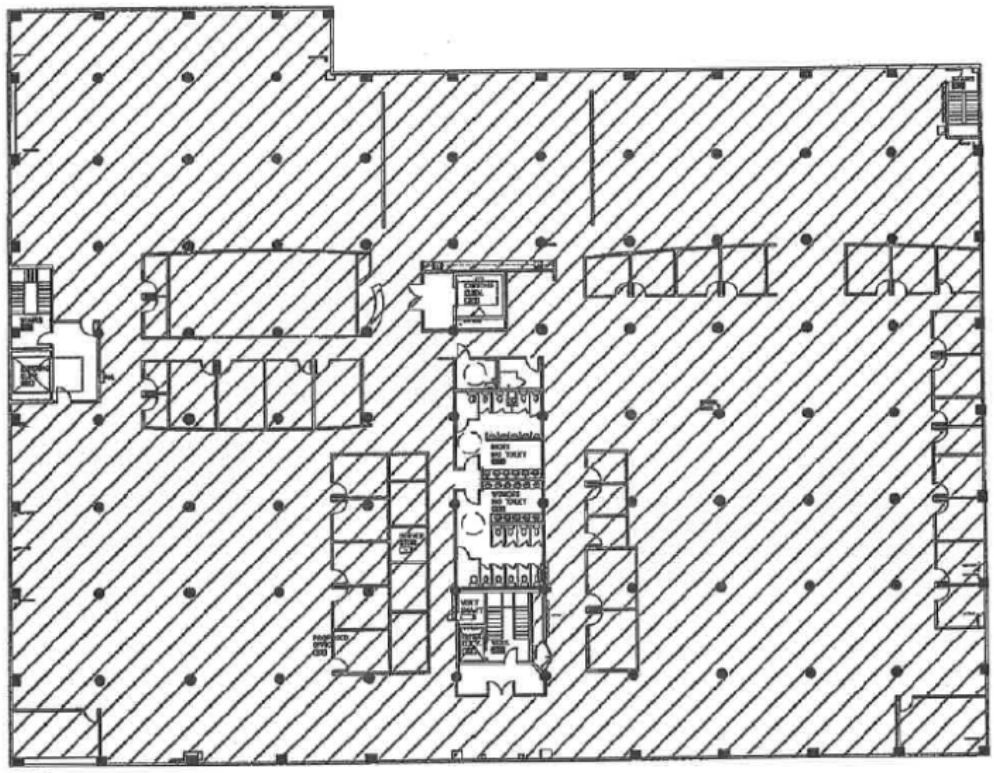
Article 30 Brokers

Landlord: Cornish & Carey
Tenant: Jones Lang LaSalle

Exhibit B

Floor Plan

645 HARRISON STREET



THIRD FLOOR

Collins
Henderson, Inc
631 Howard Street, Suite 530
San Francisco, CA 94105
415-777-1900 fax 415-777-2462
www.collinshenderson.com

DATE: JUNE 27, 2012

Exhibit C
Work Letter

This Work Letter sets forth the terms and conditions relating to the initial improvement of the Leased Premises for Tenant. This Work Letter addresses the issues of construction of the initial improvement of the Leased Premises for Tenant All references in this Work Letter to Articles or Sections of "this Lease" shall mean the portions of the Lease to which this Work Letter is attached.

SECTION 1
TENANT IMPROVEMENTS

1.1 The parties have previously agreed on the basic scope of tenant improvements such as are described on Exhibit C-1 ("Basic TI Criteria") and the agreed-upon Space Plan attached as Exhibit C-2 ("Space Plan").

1.2 Landlord has retained an architect and engineering consultants of its choice to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life safety, sprinkler and IT engineering work in the Leased Premises (collectively as the "Construction Drawings"). No later than twenty-one (21) days after lease execution, Tenant shall provide Landlord with its specifications for the finishes for the new flooring, large break room/ lounge area, and restrooms. All finishes selected by Tenant must be readily available to avoid any delays in the completion of the Tenant improvements. The information required by Tenant pursuant to this section is referred to as "Tenant Requirements." All Construction Drawings shall comply with the Basic TI Criteria, Space Plan, Tenant Requirements and the drawing format and specifications reasonably determined by Landlord. Landlord shall provide the Construction Drawings to Tenant upon receipt for Tenant's confirmation that the Construction Drawings are consistent with the Basic TI Criteria, Space Plan and the Tenant Requirements. If Tenant does not notify Landlord in writing of any objection to the Construction Drawings within five (5) business days of receipt, Landlord will proceed towards obtaining a building permit and necessary approvals for the work.

1.3 Upon approval of the Construction Drawings, the Architect and the Engineers shall complete the architectural and engineering drawings for the Leased Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical, fire life safety, plumbing and telecommunications working drawings in a form which is complete to allow subcontractors to bid on the work and, if not already done, to obtain all applicable permits including a building permit (collectively the "Final Working Drawings"). Landlord shall construct improvements in accordance with the Final Working Drawings ("Tenant Improvements"). Other than any changes required to conform the Final Working Drawings with the Construction Drawings ("Corrective Changes"), Tenant shall make no other changes or modifications to the Final Working Drawings which would require re-submission of plans for review to the building department or other necessary government entity ("Material Change"), and shall make no changes or modifications to the Final Workings Drawings which are not Material Changes ("Non-Material Change") or Corrective Changes without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, any delay in "Substantial Completion," as that term is defined in Section 5.1 of this Work Letter caused by such changes or modifications by Tenant to the Final Working Drawings (other than Corrective Changes), or the availability of Tenant's selected finishes, shall be a Tenant Delay and any increase in the cost of designing or constructing the Tenant Improvements as a result of such changes to the previously approved Final Working Drawings (other than Corrective Changes) shall be at Tenant's cost. Tenant must present any request for a modification to the Final Working Drawings in writing to Landlord. Within five (5) business days of Tenant's request, Landlord shall provide Tenant with a statement as to whether the proposed modification constitutes a

Non-Material Change, and if it does, an estimate of the increase in cost of the Tenant Improvements, and the estimated delay in delivery, anticipated due to Tenant's requested modification. Tenant must withdraw any requested modification which Landlord determines is a Material Change, and for a modification which is a Non-Material Change must notify Landlord within three (3) business days of receipt of Landlord's notice whether it will withdraw its requested modification. In the event Landlord agrees to proceed with Tenant's requested Non-Material Change, Tenant shall be responsible for actual increased costs and delays associated with its requested modification regardless of the estimates provided by Landlord.

SECTION 2
CONSTRUCTION OF TENANT IMPROVEMENTS

2.1 Upon completion of the Construction Drawings, Landlord shall apply for a building permit and any other necessary government approvals. The parties acknowledge issuance of a building permit, and receipt of necessary government approvals, are not within either party's control. Landlord shall notify Tenant of receipt of a building permit and the date anticipated for commencement of Landlord's Work. If Landlord is unable to obtain a permit, or any other necessary government approval, within three (3) months and twenty-one (21) days after execution of this Lease by both parties, Landlord shall notify Tenant of the same. Tenant shall have the right to terminate this Lease by providing notice to the other party within seven (7) business days of Landlord's notice, with a return of the Security Deposit to Tenant, and with each side otherwise bearing their own costs and expenses relating to the Lease in every respect. The failure or inability to obtain a permit, or other necessary government approval, within the time specified above shall not constitute a default under the Lease.

2.2 Upon receipt of a building permit, Landlord shall retain a licensed contractor of its choice ("Contractor") to construct the Tenant Improvements in accordance with the Final Working Drawings. Landlord shall cause the Contractor to construct the Tenant Improvements in accordance with the Final Working Drawings and all Laws in a good and workmanlike manner. Landlord shall deliver the Leased Premises to Tenant promptly upon Substantial Completion of the Tenant Improvements. Tenant shall have one year after Substantial Completion within which to notify Landlord of any construction defect discovered by Tenant, and Landlord shall use reasonable efforts to remedy or cause the responsible contractor to remedy any such construction defect within sixty (60) days thereafter.

SECTION 3
TENANT COSTS

Landlord shall construct, at its cost (except as specifically set forth herein) the Tenant Improvements described in the Final Working Drawings. Landlord shall not be responsible for the costs of the Tenant Improvements to the extent that such costs are incurred by Landlord as a result of changes, other than Corrective Changes, requested by Tenant (subject to Landlord's approval of the same) to the Final Working Drawings, (any such amounts are referred to herein as the "Tenant Costs"). Tenant Costs will be paid by Tenant to Landlord within thirty (30) days after Substantial Completion of the Tenant Improvements and submission of a final accounting of the cost of the Tenant Improvements and any Tenant Costs, taking into account any savings achieved due to Tenant changes to the Final Working Drawings.

SECTION 4
TENANT'S COVENANTS

Tenant shall cooperate with Landlord with respect to construction of the Tenant Improvements, Tenant shall timely comply with all Time Deadlines set forth in this Work Letter and Tenant shall promptly reply to any other requests for information or approval Landlord may make with respect to the Tenant Improvements.

SECTION 5
COMPLETION OF THE TENANT IMPROVEMENTS;

5.1 As used herein "Substantial Completion" means that the Tenant Improvements have been completed, as reasonably determined by Architect, with a Certificate of Occupancy granted from the City of San Francisco, with the exception of any (a) punch list items including minor details of construction and mechanical adjustments that will not materially adversely affect Tenant's use and occupancy of the Premises that can be reasonably completed within thirty (30) days thereafter, and (b) any tenant fixtures, work-stations, built-in furniture, or equipment to be installed by Tenant.

5.2 Except as provided in this Section 5.2, the Commencement Date shall occur as set forth in the Lease. If and to the extent there are delays in the Substantial Completion of the Tenant Improvements or in the occurrence of any of the other conditions precedent to the Commencement Date, as set forth in of the Lease, to the extent resulting from:

5.2.1 Tenant's failure to respond to Landlord or provide required information to Landlord within the time periods set forth in this Work Letter;

5.2.2 A breach by Tenant of the terms of this Work Letter or the Lease that continue beyond applicable notice and cure periods;

5.2.3 Tenant's requested changes, other than Corrective Changes, in the Final Working Drawings;

5.2.4 Tenant's decision to require materials, components, finishes or improvements which are not available in a commercially reasonable time given the anticipated date of Substantial Completion of the Tenant Improvements, as set forth in the Lease, after notice by Landlord of the same;

5.2.5 Tenant's request for changes, other than Corrective Changes, to the Final Work Drawings previously approved by Tenant and Landlord that involve changes to the base Building shell and core;

5.2.6 Any failure by Tenant to timely pay any Tenant Costs; or

5.2.7 Any other acts or omissions of Tenant, or its agents, or employees that continues for more than three (3) business days after written notice from Landlord;

(individually and collectively, "Tenant Delay") then, notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of the Substantial Completion of the Tenant Improvements, the date of Substantial Completion of the Leased Premises shall be deemed to be the date the Substantial Completion of the Tenant Improvements would have occurred if no Tenant Delay(s), as set forth above, had occurred.

SECTION 6
MISCELLANEOUS

6.1 Tenant's Representative. Tenant has designated Lee Kirkpatrick as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter.

6.2 Landlord's Representative. Landlord has designated Todd Motoyama as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Work Letter.

6.3 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in the Lease, or a default by Tenant under this Work Letter, has occurred at any time on or before the Substantial Completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, upon written notice to Tenant of such default, Landlord shall have the right to cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the Substantial Completion of the Premises caused by such work stoppage as set forth in Section 5 of this Work Letter), and (ii) all other obligations of Landlord under the terms of this Work Letter shall be suspended until such time as such default is cured pursuant to the terms of the Lease.

6.4. Common Area Improvements. Landlord, at its sole cost and expense, plans to complete improvements to the common area of the Building, including the Lobby, and will use its best efforts to do so.

Exhibit C-1
Basic Tenant Improvement Criteria

Landlord and Tenant agree that the Tenant Improvements shall include the basic following criteria:

(a) painting of the interior walls with Tenant having the ability to select accent colors;

(b) new flooring (either carpet, polished concrete or other similarly priced flooring materials to be determined by Tenant) throughout the Premises;

(c) new interior lighting consistent with other open office, high-tech buildings in and around the SoMa area for like-kind buildings;

(d) HVAC to the floor and basic distribution for an open plan user with sufficient HVAC capacity to support high-tech density (i.e., 125 sq. ft. per person);

(e) improvements including: one (1) large boardroom with full height glass wall to accommodate 20-30 people; three (3) medium conference rooms to accommodate 10-12 people with glass walls, sidelights or a window; twenty-five (25) small conference rooms to accommodate 4-6 people with glass sidelights and/or glass walls; one (1) large break room/lounge area for employees which will double as an “all employee meeting area with necessary power distribution for tenant to install a projector screen, and a kitchen equipped with dishwasher, sink, garbage disposal and large refrigerator; finishes to be approved by Tenant; an upgrade to existing restrooms to include new finishes, lighting and two (2) shower rooms with changing facilities/lockers; ten (10) phone rooms intended for small two (2) person private phone conversations distributed broadly across the entire Premises; and

(f) double pane window wall in front of existing windows along south side of Premises to mitigate freeway noise.

Exhibit C-2
Space Plans

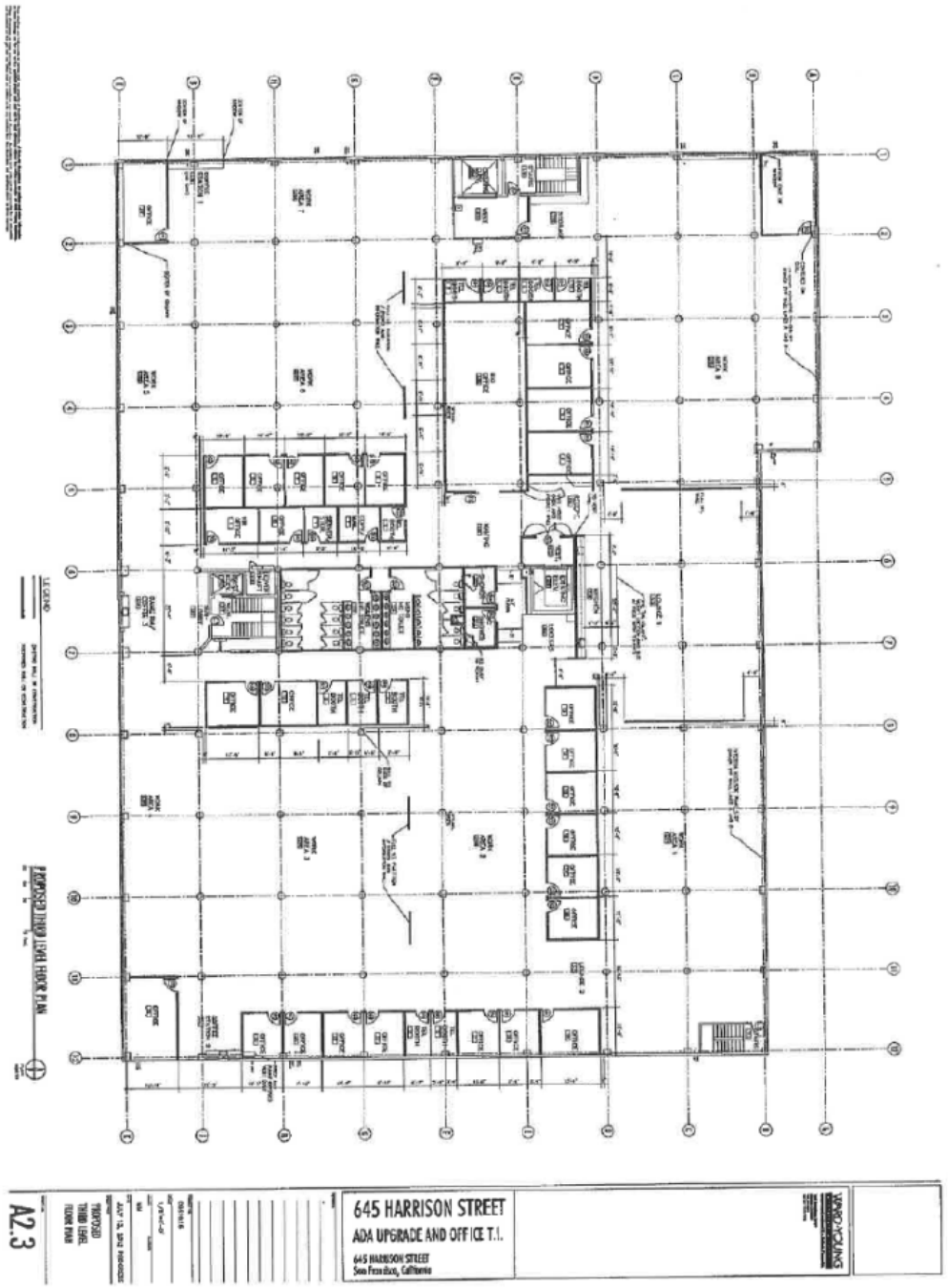


Exhibit D

Rules and Regulations

1. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall, which may in Landlord's judgment appear unsightly from outside the Premises or from outside the Building.

2. The Building directory located in the Building lobby as provided by Landlord shall be available to Tenant solely to display names and locations in the Building. The display and the quantity of names to be listed shall be as directed by Landlord.

3. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by Tenant for any purposes other than for ingress to and egress from the Premises. The halls, passages, exits, entrances, elevators, stairways, balconies and roof are not for the use of the general public and the Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of Landlord, reasonably exercised, shall be prejudicial to the safety, character, reputation and interests of the Building. Neither Tenant nor any employees or invitees of any tenant shall go upon the roof of the Building.

4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purposes other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein, and to the extent caused by Tenant or its employees or invitees, the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by Tenant.

5. Tenant shall not cause any unnecessary janitorial labor or services by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness.

6. No cooking shall be done or permitted by Tenant on the Premises, other than in a microwave oven installed in the kitchen constructed during the initial build-out of the Premises. The Premises shall not be used for lodging.

7. Tenant shall not bring upon, use or keep in the Premises or the Building any kerosene, gasoline or flammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

8. Tenant shall not allow any of its owners, employees, agents, visitors, clients or invitees to smoke in the Premises or the Building.

9. Landlord shall have sole power to direct electricians as to where and how telephone and other wires are to be introduced. No boring or cutting for wires is to be allowed without the consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

10. Upon the termination of the tenancy, Tenant shall deliver to the Landlord all keys and passes for offices, rooms, parking lot and toilet rooms which shall have been furnished by Landlord. In the event of the loss of any keys so furnished, Tenant shall pay the Landlord therefor. Tenant shall not make or cause to be made any such keys and shall order all such keys solely from Landlord and shall pay Landlord for any additional such keys over and above the two sets of keys furnished by Landlord.

11. Tenant shall not install linoleum, tile, carpet or other floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved by Landlord.

12. No furniture, packages, supplies, equipment or merchandise will be received in the Building, or carried up or down in the freight elevator, except between such hours and in such freight elevator as shall be designated by the Landlord.

13. Tenant shall cause all doors to the Premises to be closed and securely locked before leaving the Building at the end of the day.

14. Without the prior written consent of Landlord, Tenant shall not use the name of the Building or any picture of the Building in connection with or in promoting or advertising the business of Tenant except Tenant may use the address of the Building as the address of its business.

15. Tenant shall cooperate fully with Landlord to assure the most effective operation of the Premises and the Building's heating and air conditioning, and shall refrain from attempting to adjust any controls. Tenant shall keep corridor doors closed.

16. Tenant assumes full responsibility for protecting the Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed and secured.

17. Peddlers, solicitors and beggars shall be reported to the office of the Building or as Landlord otherwise requests.

18. Tenant shall not advertise the business, profession or activities of Tenant conducted in the Building in any manner which violates the letter or spirit of any code of ethics adopted by any recognized association or organization pertaining to such business, profession or activities.

19. Tenant shall allow no animals or pets to be brought or to remain in the Building or any part thereof.

20. Tenant acknowledges that Building security problems may occur which may require the employment of extreme security measures in the day-to-day operation of the Building.

Accordingly:

(a) Landlord may at any time, or from time to time, or for regularly scheduled time periods, as deemed advisable by Landlord and/or its agents, in their sole discretion, require that persons entering or leaving the Building identify themselves to watchmen or other employees designated by Landlord, by registration, identification or otherwise.

(b) Landlord may at any time, or from time to time, or for regularly scheduled time periods, as deemed advisable by Landlord and/or its agents, in their sole discretion, employ other security measures, such as, but not limited to, the search of all persons, parcels, packages, etc., entering and leaving the Building, the evacuation of the Building, and the denial of access of any person to the Building.

(c) Tenant hereby assents to the exercise of the above discretion by Landlord and its agents, whether done acting under reasonable belief of cause or for drills regardless of whether or not such action shall in fact be warranted and regardless of whether any such action is applied uniformly or is aimed at specific persons whose conduct is deemed suspicious.

(d) The exercise of such security measures and the resulting interruption of service and cessation or loss of Tenant's business, if any, shall never be deemed an eviction or disturbance of Tenant's use and possession of the Premises, or any part thereof, or render Landlord liable to Tenant for damages or relieve Tenant from Tenant's obligations under this Lease.

(e) Tenant agrees that it and its employees will cooperate fully with Building employees in the implementation of any and all security procedures.

(f) Such security measures shall be the sole responsibility of Landlord and Tenant shall have no liability for action taken by Landlord in connection therewith.

21. Canvassing, soliciting or peddling in the Building is prohibited and Tenant shall cooperate to prevent same.

22. Tenant shall not make or permit any loud or improper noises in the Premises or the Building or otherwise interfere in any way with other tenants in the Building.

23. Tenant, or the employees, agents, servants, visitors or licensees of Tenant, shall not, at any time or place, leave or discard rubbish, paper, articles or objects of any kind whatsoever outside the doors of the Premises or in the corridors or passageways of the Building.

24. Landlord shall have the right to determine and prescribe the weight and proper position of any unusually heavy equipment, including computers, safes, large files, etc., that are to be placed in the Building, and only those which in the exclusive judgment of the Landlord will not do damage to the floors, structure and/or elevators may be moved into the Building. Any damage caused

by installing, moving or removing such aforementioned articles in the Building shall be paid for by Tenant.

25. Tenant agrees to be responsible for maintenance and cleaning of the Building standard window coverings in the Premises.

26. The requirements of Tenant will be attended to only upon application at the office of the Building. Employees of Landlord and service contractors shall not perform any work for tenants outside of their regular duties, unless under special instructions from the office of the Building.

27. Landlord reserves the right to modify, amend or rescind any of these Rules and Regulations of the Building, and to make such other and further rules and regulations as in its judgment shall from time to time be needed for the safety, protection, care and cleanliness of the Building, the Leased Premises, the preservation of good order therein and the protection and comfort of the tenants in the Building and their agents, employees and invitees, which rules and regulations when modified, amended or made and written notice thereof is given to Tenant, shall be binding upon Tenant in like manner as if originally herein prescribed.

LETTER OF CREDIT RIDER

This Letter of Credit Rider ("**Letter of Credit Rider**") is made and entered into by and between HV-645 Harrison, Inc., a California corporation ("**Landlord**"), and Twilio, Inc., a Delaware corporation ("**Tenant**"), and is dated as of the date of the Office Lease ("**Lease**") by and between Landlord and Tenant to which this Letter of Credit Rider is attached. The agreements set forth in this Letter of Credit Rider shall have the same force and effect as if set forth in the Lease. To the extent the terms of this Letter of Credit Rider are inconsistent with the terms of the Lease, the terms of this Letter of Credit Rider shall control.

1. Concurrently with Tenant's execution of the Lease, Tenant shall deliver to Landlord, as collateral for the full and faithful performance by Tenant of all of its obligations under the Lease and to compensate Landlord for all losses and damages Landlord may suffer under the Lease, an irrevocable and unconditional negotiable standby letter of credit (the "**Letter of Credit**"), in the form attached hereto as Exhibit 1 and containing the terms required herein, running in favor of Landlord issued by a solvent, nationally recognized commercial bank (the "**Bank**") that is acceptable to Landlord in its sole discretion and (1) is chartered under the laws of the United States, any State thereof or the District of Columbia, and which is insured by the Federal Deposit Insurance Corporation; (2) has a long term rating of B or higher as rated by Moody's Investors Service and/or A or higher as rated by Standard & Poor's, and Fitch Ratings Ltd (Fitch), under the supervision of the Superintendent of Banks of the State of California, or a national banking association (the "**Letter of Credit Issuer Requirements**"), in the amount of One Million Dollars ($1,000,000.00) (the "**Letter of Credit Amount**"). Landlord approves Silicon Valley Bank for the purpose of the Letter of Credit provided that it will issue a letter of credit in a form acceptable to Landlord. Subject to the terms of Section 6 below, Tenant shall have the right to reduce the face amount of the Letter of Credit by $200,000.00 after the twelfth (12th) month of the initial Lease Term, and on every subsequent anniversary of the Lease if Tenant has not breached any provision of the Lease, and failed to cure such breach within the applicable cure period, at any time prior to such reduction. In the event that Tenant breaches any provision of the Lease, and fails to cure such breach within the applicable cure period, Landlord shall have the right to require restoration of the Letter of Credit to the Letter of Credit Amount.

2. The Letter of Credit shall be (i) at sight, irrevocable and unconditional, (ii) maintained in effect for the period from the Lease execution and continuing until December 31, 2018 (the "**Letter of Credit Expiration Date**"), (iii) subject to the International Standby Practices 1998, International Chamber of Commerce Publication #590, (iv) fully assignable by Landlord, and (v) permit partial draws. Tenant shall be obligated to ensure that the Letter of Credit remains continually in place until the Letter of Credit Expiration Date. To the extent that Landlord agrees to accept a Letter of Credit which by its terms will expire prior to the Letter of Credit Expiration Date or the Letter of Credit will terminate for any reason, Tenant is obligated to deliver to Landlord a certificate of renewal or extension to Landlord at lease thirty (30) days prior to the expiration of the Letter of Credit then held by Landlord, without any action whatsoever on the part of Landlord. In addition to the foregoing, the form and terms of the Letter of Credit shall provide, among other things, in effect that: (A) Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the Letter of Credit (1) upon the presentation to the Bank of Landlord's (or Landlord's then managing agent's) written statement that such amount is due to Landlord under the terms and conditions of the Lease, or (2) in the event Tenant, as applicant, shall have failed to provide to Landlord a new or renewal Letter of Credit satisfying the terms of this Letter of Credit Rider at least thirty (30) days prior to the expiration of the Letter of Credit then held by Landlord, (3) Tenant has filed a voluntary petition under the Federal Bankruptcy Code or (4) an involuntary petition has been filed against Tenant under the Federal Bankruptcy Code, it being understood that if Landlord or its managing agent be a limited liability company, corporation, partnership or other entity, then such statement shall be signed by a managing member (if a limited liability company), an officer (if a corporation), a general partner (if a partnership), or any authorized party (if another entity) and (B) the Letter of Credit will be honored by the Bank without inquiry as to the accuracy thereof and regardless of whether Tenant disputes the content of such statement. Upon final determination of the Commencement Date of the Lease, Tenant may provide a replacement letter of credit meeting all of the requirements herein but which provides for a Letter of Credit Expiration Date which is ninety (90) days after the Expiration Date of the Lease.

3. The Letter of Credit shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer all or any portion of its interest in and to the Letter of Credit to another party, person or entity, regardless of whether or not such transfer is separate from or as a part of the assignment by Landlord of its rights and interests in and to the Lease. In the event of a transfer of Landlord's interest in the Building, Landlord shall transfer the Letter of Credit, in whole or in part (or cause a substitute letter of credit to be delivered, as applicable) to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole or any portion of said Letter of Credit to a new landlord. In connection with any such transfer of the Letter of Credit by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer and, Tenant shall be responsible for paying the Bank's transfer and processing fees in connection therewith.

4. If, as result of any application or use by Landlord of all or any part of the Letter of Credit, the amount of the Letter of Credit shall be less than the Letter of Credit Amount, Tenant shall, within five (5) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency (or a replacement letter of credit in the total Letter of Credit Amount), and any such additional (or replacement) letter of credit shall comply with all of the provisions of this Letter of Credit Rider, and if Tenant fails to comply with the foregoing, notwithstanding anything to the contrary contained in Article 17 of the Lease, the same shall constitute an incurable default by Tenant. Tenant further covenants and warrants that it will neither assign nor encumber the Letter of Credit or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the Letter of Credit expires earlier than the Letter of Credit Expiration Date, a renewal thereof or substitute letter of credit, as applicable, shall be delivered to Landlord not later than thirty (30) days prior to the expiration of the Letter of Credit, which shall be irrevocable and automatically renewable as above provided through the Letter of Credit Expiration Date upon the same terms as the expiring Letter of Credit or such other terms as may be acceptable to Landlord in its sole discretion. However, if the Letter of Credit is not timely renewed or a substitute letter of credit is not timely received, or if Tenant fails to maintain the Letter of Credit in the amount and in accordance with the terms set forth in this Letter of Credit Rider, Landlord shall have the right to present the Letter of Credit to the Bank in accordance with the terms of this Letter of Credit Rider, and the proceeds of the Letter of Credit may be drawn by Landlord as a cash security deposit, and applied by Landlord for Tenant's failure to fully and faithfully perform all of Tenant's obligations under this Lease and against any Rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will sutler under this Lease. Any unused proceeds shall constitute the property of Landlord and need not be segregated from Landlord's other assets.

5. Tenant hereby acknowledges and agrees that Landlord is entering into the Lease in material reliance upon the ability of Landlord to draw upon the Letter of Credit in the event Tenant fails to fully and faithfully perform all of Tenant's obligations under this Lease and to compensate Landlord for all losses and damages Landlord may suffer under the Lease and Landlord may, at any time, but without obligation to do so, and without notice, draw upon the Letter of Credit, in part or in whole, for such purposes. Tenant agrees not to interfere in any way with payment to Landlord of the proceeds of the Letter of Credit, either prior to or following a "draw" by Landlord of any portion of the Letter of Credit, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw from the Letter of Credit. No condition or term of the Lease shall be deemed to render the Letter of Credit conditional to justify the issuer of the Letter of Credit in failing to honor a drawing upon such Letter of Credit in a timely manner. Tenant agrees and acknowledges that Tenant has no property interest whatsoever in the Letter of Credit or the proceeds thereof and that, in the event Tenant becomes a debtor under any chapter of the Federal Bankruptcy Code, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the Letter of Credit and/or the proceeds thereof by application of Section 502(b)(6) of the Federal Bankruptcy Code.

6. Notwithstanding anything to the contrary herein, if at any time the Letter of Credit Issuer Requirements are not met, or if the financial condition of such issuer changes in any other materially adverse way, as determined by Landlord in its sole discretion, then Tenant shall within five (5) days of written notice from

Landlord deliver to Landlord a replacement Letter of Credit which otherwise meets the requirements of this Lease, including without limitation, the Letter of Credit Issuer Requirements. Notwithstanding anything in this Lease to the contrary, Tenant's failure to replace the Letter of Credit and satisfy the Letter of Credit Issuer Requirements within such 5-day period Landlord shall constitute a material default for which there shall be no notice or grace or cure periods being applicable thereto. In addition and without limiting the generality of the foregoing, if the issuer of any letter of credit held by Landlord is insolvent or is placed in receivership or conservatorship by the Federal Deposit Insurance Corporation, or any successor or similar entity, or if a trustee, receiver or liquidator is appointed for the issuer, then, effective as of the date of such occurrence, said Letter of Credit shall be deemed to not meet the requirements of this Letter of Credit Rider, and Tenant shall within five (5) days of written notice from Landlord deliver to Landlord a replacement Letter of Credit which otherwise meets the requirements of this Letter of Credit Rider and that meets the Letter of Credit Issuer Requirements (and

Tenant's failure to do so shall, notwithstanding anything in this Letter of Credit Rider or the Lease to the contrary, constitute a material default for while there shall be no notice or grace or cure periods being applicable thereto other than the aforesaid 5-day period).

7. Landlord and Tenant acknowledge and agree that in no event or circumstance shall the Letter of Credit or any renewal thereof or substitute therefor be (i) deemed to be or treated as a "security deposit" within the meaning of California Civil Code Section 1950.7, (ii) subject to the terms of such Section 1950.7, or (iii) intended to serve as a "security deposit" within the meaning of such Section 1950.7. The parties hereto (A) recite that the Letter of Credit is not intended to serve as a security deposit and such Section 1950.7 and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("**Security Deposit Laws**") shall have no applicability or relevancy thereto and (B) waive any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws.

EXHIBIT 1 TO LETTER OF CREDIT RIDER

Contact Phones:

IRREVOCABLE STANDBY LETTER OF CREDIT

, 20
Beneficiary:
[insert correct LANDLORD ENTITY]
Attn: [insert RVP's NAME]
[insert RVP address]

Our irrevocable standby Letter of Credit:
No.
Applicant:

Amount: Exactly USD $1,000,000 and 00/100 Dollars)
Final Date of Expiration: December 31, 2018

We (the "Bank") hereby issue our irrevocable standby Letter of Credit No. in Beneficiary's favor for the account of the above-referenced Applicant, in the aggregate amount of exactly USD $1,000,000. This Letter of Credit is available with us at our above office by presentation of your draft drawn on us at sight bearing the clause: "Drawn under **[INSERT NAME OF BANK]** Letter of Credit No. " and accompanied by the following:

1. Beneficiary's signed certification purportedly signed by an authorized officer or agent stating:

(A) "Beneficiary, as landlord, is now entitled to draw upon this Letter of Credit pursuant to the terms and conditions of that certain lease agreement dated for premises located at 645 Harrison Street, San Francisco, California"; or

(B) "The Bank has notified us that this Letter of Credit will not be extended beyond the current expiration date of this Letter of Credit and Applicant has not delivered to Beneficiary at least thirty (30) days prior to the current expiration of this Letter of Credit a replacement Letter of Credit satisfactory to Beneficiary."

(C) "Tenant has filed a voluntary petition under the Federal Bankruptcy Code;" or

(D) "An involuntary petition has been filed against Tenant under the Federal Bankruptcy Code."

2. The original of this Letter of Credit.

Special conditions:

Partial draws under this Letter of Credit are permitted. Notwithstanding anything to the contrary contained herein, this Letter of Credit shall expire permanently without renewal on December 31, 2018.

We hereby agree with you that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored upon presentation to us of the documents described in Paragraph 1 above on or before the expiration date of this Letter of Credit, without inquiry as to the accuracy thereof and regardless of whether Applicant disputes the content of any such documents or certifications.

This Letter of Credit is transferable and any such transfer may be effected by us, provided that you deliver to us your written request for transfer in form and substance reasonably satisfactory to us. Beneficiary may, at any

time and without notice to Applicant and without first obtaining Applicant's consent thereto, transfer all or any portion of Beneficiary's interest in and to the Letter of Credit to another party, person or entity, regardless of whether or not such transfer is separate from or as a part of the assignment by Beneficiary of Beneficiary's rights and interests in and to the Lease. The original of this Letter of Credit together with any amendments thereto must accompany any such transfer request.

Except so far as otherwise expressly stated, this documentary credit is subject to the International Standby Practices 1998, International Chamber Of Commerce Publication No. 590.

By: _____
Authorized signature

Please direct any correspondence including drawing or inquiry quoting our reference number to the above referenced address.

First Amendment to Office Lease

This First Amendment to Office Lease (the "Amendment") is made and entered into as of April 16th, 2014 by and between HV-645 Harrison Inc., a California corporation ("Landlord"), and Twilio, Inc., a Delaware corporation ("Tenant"), with reference to the following facts.

Recitals

A. Landlord and Tenant entered into that certain Office Lease dated July 13, 2012, ("Lease") for the leasing of certain premises consisting of approximately 38,122 rentable square feet on the third (3rd) floor of the Building (as defined in the Lease) located at 645 Harrison Street, San Francisco, California (3rd floor space referred to as "Original Premises") as such Original Premises are more fully described in the Lease.

B. Landlord and Tenant now wish to amend the Lease to provide for, among other things, the expansion of the Original Premises to include those certain premises consisting of approximately 12,562 rentable square feet located on the second (2nd) floor of the Building (the "2nd Floor Expansion Premises"), which are depicted on the Building plan attached hereto and made a part hereof as Exhibit A, all upon and subject to each of the terms, conditions, and provisions set forth herein. The 2nd Floor Expansion Premises consists of 10,599 rentable square feet of general office space ("EP Office") and 1,963 rentable square feet of kitchen space ("EP Kitchen").

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Recitals:** Landlord and Tenant agree that the above recitals are true and correct and are hereby incorporated herein as though set forth in full.

2. **Premises:**

2.1 Commencing upon Landlord's delivery of the 2nd Floor Expansion Premises with the tenant improvements required pursuant to Paragraph 8 below, estimated to be on or about November 15, 2014, (the "2nd Floor EP Commencement Date"), the Original Premises shall be expanded to include the 2nd Floor Expansion Premises. If Landlord cannot deliver to Tenant possession of the 2nd Floor Expansion Premises on the 2nd Floor EP Commencement Date, Landlord shall neither be subject to any liability nor shall the validity of the Lease be affected and the Lease Term applicable to the 2nd Floor Expansion Premises shall commence on the date possession is tendered. In the event that Landlord is unable to deliver the 2nd Floor Expansion Premises by February 1, 2015, Tenant shall have the option to: (a) terminate this Amendment with Landlord's sole responsibility to be to return Tenant's check for the first month's rent and Letter of Credit required pursuant to Paragraph 4 below; or (b) wait for Landlord's delivery of the 2nd Floor Expansion Premises. In the event that Tenant elects option (b), Landlord shall continue to use commercially reasonable efforts to deliver the 2nd Floor Expansion Premises to Tenant. Tenant's option shall be continuing from February 1, 2015 until Landlord's delivery of the 2nd Floor Expansion Premises.

2.2 For purposes of the Lease, from and after the 2nd Floor EP Commencement Date, the "Premises" as defined in Section 1 of the Lease shall mean and refer to the aggregate of the Original Premises and the 2nd Floor Expansion Premises consisting of a combined total of approximately 50,684 rentable square feet. Accordingly, from and after the 2nd Floor EP Commencement Date, all references in this Amendment and in the Lease to the term "Premises" shall mean and refer to the Original Premises and the 2nd Floor Expansion Premises. Landlord and Tenant hereby agree that for purposes of the Lease, from and after the 2nd Floor EP Commencement Date, the rentable square footage area of the Premises shall be conclusively deemed to be 50,684 rentable square feet and Tenant's Share shall be amended as provided below.

3. **Term:** Landlord and Tenant hereby agree that the Expiration Date of the Term of the Lease applicable to both the Original Premises and 2nd Floor Expansion Premises shall be April 30, 2018, unless sooner terminated pursuant to the terms of the Lease.

4. **Security Deposit and First Month Rent:** Upon execution of this amendment, Tenant shall deliver a check for the first month rent due under this Amendment and a Letter of Credit in the amount of $170,273.76 ("Second LOC"). Exhibit A of the Lease shall be modified to list the Second LOC as an additional part of the Security Deposit. The Second LOC shall be governed by paragraph 28 of the Lease, and all other applicable provisions relating to the Security Deposit. The Second LOC shall further be governed by Exhibit E, the Letter of Credit Rider, with the exception of the provisions in Paragraph 1 allowing for reduction of the Letter of Credit Amount.

5. **Base Rent:** Monthly Base Rent for the 2nd Floor Expansion Premises shall be as set forth below and Tenant shall pay to Landlord monthly Base Rent for the 2nd Floor Expansion Premises, as and when set forth in the Lease for the payment of Base Rent (provided, in the event the 2nd Floor EP Commencement Date does not occur on the first (1st) day of a calendar month, monthly Base Rent for such partial month shall be prorated upon a daily basis based upon the number of days in the calendar month in which the 2nd Floor EP Commencement Date does occur):

Months of Term	2nd Floor Expansion Premises Annual Base Rent	2nd Floor Expansion Premises Monthly Base Rent
2nd Floor EP Commencement Date - 12	$582,945 EP Office + $98,150 EP Kitchen **$681,095 Total**	$48,578.75 EP Office +$8,179.17EP Kitchen **$56,757.92 Total**
13 - 24	$593,544 EP Office + $100,113 EP Kitchen **$693,657 Total**	$49,462.00 EP Office +$8,342.75 EP Kitchen **$57,804.75 Total**
25 — 36	$604,143 EP Office + $102,076 EP Kitchen **$ 706,219 Total**	$50,345.25 EP Office +$8,506.33 EP Kitchen $ **58,851.58 Total**
37 — April 30, 2018	$614,742 EP Office + $104,039 EP Kitchen $ **718,781 Total**	$51,228.50 EP Office +$8,669.92 EP Kitchen $ **59,898.42 Total**

6. **Delivery of 2nd Floor Expansion Premises:** Landlord shall use commercially reasonable efforts to deliver the 2nd Floor Expansion Premises to Tenant by November 15, 2014.

7. **Condition of the 2nd Floor Expansion Premises:** Subject to the provisions of Section 2 above and Article 1 of the Lease, as a condition to Tenant accepting the Expansion Premises on the 2nd Floor EP Commencement Date Landlord shall deliver to Tenant possession of the 2nd Floor Expansion Premises in the present condition and state of repair as of the date of this Amendment, vacant and broom clean, "AS IS", and Landlord shall not be obligated to provide or pay for any improvement, remodeling or refurbishment work or services related to the improvement, remodeling or refurbishment of the 2nd Floor Expansion Premises except as

expressly provided herein. Subject to the terms of Article 1 of the Lease, (i) by taking possession of the 2nd Floor Expansion Premises, Tenant shall be deemed to have accepted the 2nd Floor Expansion Premises in good condition and state of repair, (ii) except as provided herein, Tenant expressly acknowledges and agrees that neither Landlord nor any of Landlord's agents, representatives or employees has made any representations as to the suitability, fitness or condition of the 2nd Floor Expansion Premises for the conduct of Tenant's business or for any other purpose, including without limitation, any storage incidental thereto, or for any other purpose and (iii) any exception to the foregoing provisions must be made by express written agreement signed by both parties. Any Alterations to the 2nd Floor Expansion Premises require Landlord's approval, which it may withhold in its sole and absolute discretion.

8. **Tenant Improvements:** In the EP Office, Landlord shall install new carpeting, lighting and paint throughout the 2nd Floor Expansion Premises in a building standard color and quality. In the EP Kitchen, Landlord shall install new vinyl flooring, new paint, new lighting, new refrigerator, Dishwasher, 27K new faucets in the showers and new countertops in a building standard color and/or quality. The work described herein shall be completed prior to Tenant's occupancy of the 2nd Floor Expansion Premises.

9. **Tenant's Representations and Warranties:** Tenant hereby represents and warrants to Landlord that as of the date of this Amendment the following, each of which shall survive the execution of this Amendment:

A. Tenant has not made any assignment, sublease, transfer, conveyance or other disposition of the Lease, Tenant's leasehold estate, the Original Premises, any other rights, title, interest under or arising by virtue of the Lease, or of any claim, demand, obligation, liability, action or cause of action arising from or pursuant to the Lease or arising from any rights of possession arising under or by virtue of the Lease or leasehold estate.

B. The person or entity executing this Amendment on behalf of Tenant has the full right and authority to execute this Amendment on behalf of said party and to bind said party without the consent or approval of any other person or entity.

C. Tenant has the full power, capacity, authority and legal right to execute and deliver this Amendment.

D. This Amendment is legal, valid and binding upon Tenant, and this Amendment is enforceable in accordance with its terms.

E. Tenant has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by its creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially, all of its assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of its assets, (v) admitted in writing to its inability to pay its debts as they become due, or (vi) made an offer of settlement, extension or composition to its creditors generally.

10. **Landlord's Representations and Warranties:** Landlord hereby represents and warrants to Tenant that as of the date of this Amendment the following, each of which shall survive the execution of this Amendment:

A. Landlord has not made any assignment, sublease, transfer, conveyance or other disposition of the Lease, Landlord's fee simple estate, the Original Premises, any other rights, title, interest under or arising by virtue of the Lease, or of any claim, demand, obligation, liability, action or cause of action arising from or pursuant to the Lease or arising from any rights of possession arising under or by virtue of the Lease or leasehold estate.

B. The person or entity executing this Amendment on behalf of Landlord has the full right and authority to execute this Amendment on behalf of said party and to bind said party without the consent or approval of any other person or entity.

C. Landlord has the full power, capacity, authority and legal right to execute and deliver this Amendment.

D. This Amendment is legal, valid and binding upon Landlord, and this Amendment is enforceable in accordance with its terms.

E. The consent or approval by any lender whose loan is secured by the Building is not required for the execution and delivery of this Amendment by Landlord.

11. **Tenant's Share of Excess Expenses and Excess Taxes:** As of the 2nd Floor EP Commencement Date, the Lease shall be modified to provide that Tenant's Share of Excess Expenses and Excess Taxes (as defined in the Lease) shall be increased to 35.33% (26.57% allocable to the Original Premises, and 8.76% allocable to the 2nd Floor Expansion Premises). The Base Year for the 2nd Floor Expansion Premises shall be calendar year 2015. The Base Year for the Original Premises shall be as provided in the original lease.

12. **Right of First Refusal:** Subject to the provisions, limitations and conditions set forth in this Amendment, Tenant shall have the right to receive notice of the availability of space for lease on the Fourth Floor throughout the Term. In the event that Landlord desires to lease any portion of the Fourth Floor, during the Term, Landlord shall notify Tenant of the availability of such space and the terms and conditions upon which Landlord is willing to lease the space ("Landlord's Notice"). In the event that Tenant is not in default under the Lease, and has not been in default during the previous twelve (12) months, Tenant shall have the right of first refusal to lease the space as provided herein. Tenant must accept Landlord's terms and conditions for the space seven (7) business days after receipt of Landlord's Notice. Failure to accept Landlord's terms and conditions within the stated time frame shall terminate any rights under this provision. Landlord shall not have any obligation to negotiate or modify the terms and conditions stated in the Landlord's Notice.

13. **Insurance:** Tenant shall deliver to Landlord, upon execution of this Amendment, a certificate of insurance evidencing that the 2nd Floor Expansion Premises are included within and covered by Tenant's insurance policies required to be carried by Tenant pursuant to the Lease.

14. **Brokers:** Tenant represents and warrants that Tenant has had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment other than Jones Lang LaSalle. Tenant is responsible for payment of any commission or compensation to Jones Lang LaSalle. If Tenant has dealt with any person, real estate broker or agent with respect to this Amendment, Tenant shall be solely responsible for the payment of any fee due to said person or firm, and Tenant shall indemnify, defend and hold Landlord free and harmless against any claims, judgments, damages, costs, expenses, and liabilities, including attorneys' fees and costs (collectively, "Claims") with respect thereto. Landlord represents and warrants that Landlord has had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment. If Landlord has dealt with any person, real estate broker or agent with respect to this Amendment, Landlord shall be solely responsible for the payment of any fee due to said person or firm and Landlord shall indemnify, defend and hold Tenant free and harmless against any Claims with respect thereto.

15. **Effect of Amendment:** Except as modified herein, the terms and conditions of the Lease shall remain unmodified and continue in full force and effect. In the event of any conflict between the terms and conditions of the Lease and this Amendment, the terms and conditions of this Amendment shall prevail.

16. **Definitions:** Unless otherwise defined in this Amendment, all terms not defined in this Amendment shall have the meanings assigned to such terms in the Lease.

17. **Successors and Assigns:** Subject to the assignment and subletting provisions of the Lease, this Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

18. **Confidentiality:** Tenant shall not disclose any correspondence, communications or other information on any matters related to this Amendment, including, without limitation, the terms of this Amendment; provided, however, that Tenant may disclose the same (a) to its attorneys, accountants, lenders, prospective

lenders, partners, prospective partners, contractors and architects, and (b) to the extent required by law or information that is a matter of public record.

19. **Incorporation:** The terms and provisions of the Lease and any exhibits attached hereto are hereby incorporated in this Amendment.

20. **Entire Agreement:** This Amendment constitutes the entire understanding of the parties with respect to the subject matter in this Amendment and all prior agreements, representations, and understandings between the parties with respect thereto, whether oral or written, are deemed null, all of the foregoing having been merged into this Amendment. The parties acknowledge that each party and/or its counsel have reviewed and revised this Amendment and that no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Amendment or any amendments or exhibits to this Amendment or any document executed and delivered by either party in connection with this Amendment.

21. **Severability:** If for any reason any provision of this Amendment shall be held to be unenforceable, it shall not affect the validity or enforceability of any other provision of this Amendment.

22. **Counterparts:** This Amendment may be executed in counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

"Landlord"

HV-645 HARRISON, INC.,
an California corporation

By: /s/ James E. M. Evans
Name: James E. M. Evans
Its: CFO

"Tenant"

TWILIO, INC.,
a Delaware corporation

By: /s/ Lee T. Kirkpatrick
Name: Lee T. Kirkpatrick
Its: CFO

Exhibit A

Description of 2nd Floor Expansion Premises

[To Be Attached]

Exhibit B