

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

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

UPWORK INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7389
(Primary Standard Industrial
Classification Code Number)

46-4337682
(I.R.S. Employer
Identification Number)

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(650) 316-7500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

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 of 1933, as amended, or Securities Act, check the following box.

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934, as amended. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(1)(2)	Amount of registration fee
Common stock, \$0.0001 par value per share	\$100,000,000	\$12,450

- (1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(o) of the Securities Act.
(2) Includes offering price of any additional shares that the underwriters have the option to purchase.

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 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.

The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities, and neither we nor the selling stockholders are soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 6, 2018

PRELIMINARY PROSPECTUS


Shares
Upwork Inc.
Common Stock
\$ per share

This is the initial public offering of our common stock. We are selling _____ shares of our common stock and the selling stockholders named in this prospectus are selling _____ shares of our common stock. We will not receive any of the proceeds from the sale of the shares by the selling stockholders. We currently expect the initial public offering price will be between \$ _____ and \$ _____ per share of common stock.

Prior to this offering, there has been no public market for our common stock. We have applied to list our common stock on The Nasdaq Global Market under the symbol "UPWK."

We are an "emerging growth company" as defined under federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements.

Investing in our common stock involves risks. See the section titled "[Risk Factors](#)" beginning on page 14.

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

	<u>Per Share</u>	<u>Total</u>
Public Offering Price	\$ _____	\$ _____
Underwriting Discount ⁽¹⁾	\$ _____	\$ _____
Proceeds to Upwork Inc. (before expenses)	\$ _____	\$ _____
Proceeds to the Selling Stockholders (before expenses)	\$ _____	\$ _____

⁽¹⁾ We have agreed to reimburse the underwriters for certain expenses. See the section titled "Underwriting."

We have granted the underwriters the option to purchase up to an additional _____ shares of common stock at the initial public offering price, less the underwriting discount.

The underwriters expect to deliver the shares to purchasers on or about _____, 2018 through the book-entry facilities of The Depository Trust Company.

Citigroup
Stifel

Jefferies

RBC Capital Markets
JMP Securities

, 2018



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Until _____, 2018, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

Neither we, the selling stockholders, nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we have referred you. Neither we, the selling stockholders, nor the underwriters take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the selling stockholders 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 shares of common stock.

For investors outside the United States: Neither we, the selling stockholders, nor any of the underwriters have taken any action 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. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in our common stock. You should carefully read this prospectus in its entirety before investing in our common stock, including the sections titled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Special Note Regarding Forward-Looking Statements,” and our consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

Our Mission

Our mission is to create economic opportunities so people have better lives.

Overview

We are changing the way work gets done by connecting businesses with great talent to work without limits.

We operate the largest online global marketplace that enables businesses to find and work with highly-skilled freelancers as measured by gross services volume, or GSV.¹ Freelancers are an increasingly sought-after, critical, and expanding segment of the global workforce. In the twelve months ended June 30, 2018, our platform enabled \$1.56 billion of GSV across 2.0 million projects between approximately 375,000 freelancers and 475,000 clients in over 180 countries.

Our platform reduces inefficiencies associated with searching for, contracting and collaborating with, and paying highly-skilled freelancers for short-term and longer-term projects. As early innovators in this space, we have built an expansive and unique repository of data on our platform, which, when combined with our machine learning capabilities, enables us to better connect clients with the best freelancers for their projects. As a result, clients are able to obtain specialized talent in less time and at a lower cost compared to traditional channels.

Knowledge is a key driver of today’s global economy. As the pace of change accelerates and companies conceive and execute their digital transformation strategies, businesses increasingly need access to specialized, knowledge-based talent to compete. In addition, knowledge workers are now seeking more flexible work options, independence, and easier access to work opportunities. However, the traditional means by which businesses seek and hire talent have not kept pace with these changes. These factors ultimately have contributed to less efficient local economies as businesses struggle to find the right talent to meet their needs.

We believe these inefficiencies in the labor market have created a significant opportunity for online global marketplaces for freelance work and that businesses globally will continue to adopt freelance work. We estimate that the total global GSV opportunity for our platform was approximately \$560 billion in 2017. McKinsey Global Institute estimates that, by 2025, online talent platforms could add \$2.7 trillion annually, or 2%, to the global gross domestic product, or GDP.

We serve as a powerful marketing channel for freelancers to find rewarding, engaging, and flexible work. Freelancers using our platform benefit from access to quality clients and secure and timely payments while enjoying the freedom to run their own businesses, create their own schedules, and work from their preferred locations. Moreover, freelancers have real-time visibility into opportunities that are in high demand, so that they can invest their time and focus on developing sought-after skills.

Our platform provides clients with fast, secure, and efficient access to high-quality talent with over 5,000 skills across over 70 categories, such as content marketing, customer service, data science and analytics, graphic design, mobile development, sales, and web development. We offer a direct-to-talent approach, reducing reliance on

¹ GSV represents the total amount that clients spend on both our marketplace offerings and our managed services offering as well as additional fees we charge to users for other services. For additional information related to how we calculate GSV, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics.”

intermediaries such as staffing firms, recruiters, and traditional agencies, while providing features that help instill trust in remote work. Our platform also enables clients to streamline workflows, such as talent sourcing, outreach, and contracting. In addition, our platform provides access to essential functionality for remote engagements with freelancers, including communication and collaboration, time tracking, invoicing, and payment.

We believe that a key driver of our growth is our track record of creating trust and enabling freelancers and clients to successfully connect at scale on our platform. As the largest online global marketplace for highly-skilled freelancers as measured by GSV, we benefit from network effects that drive growth in both the number of clients posting jobs and the number of highly-skilled freelancers seeking work.

We have rapidly grown our business. GSV on our platform was \$1.15 billion and \$1.37 billion in 2016 and 2017, respectively, representing an annual growth rate of 20%. For the six months ended June 30, 2017 and 2018, GSV on our platform was \$643.2 million and \$834.5 million, respectively, representing a period-over-period growth rate of 30%. For the twelve months ended June 30, 2018, GSV on our platform was \$1.56 billion. In 2016 and 2017, our total revenue was \$164.4 million and \$202.6 million, respectively, representing an annual growth rate of 23%. For the six months ended June 30, 2017 and 2018, our total revenue was \$95.5 million and \$121.9 million, respectively, representing a period-over-period growth rate of 28%. For the twelve months ended June 30, 2018, our total revenue was \$228.9 million. In 2016 and 2017, our marketplace revenue was \$138.5 million and \$178.0 million, respectively, representing an annual growth rate of 29%. For the six months ended June 30, 2017 and 2018, our marketplace revenue was \$83.9 million and \$107.4 million, respectively, representing a period-over-period growth rate of 28%. We have made significant investments to grow our business, including in sales and marketing, research and development, operations, and personnel. As a result, we generated net losses of \$16.2 million and \$4.1 million in 2016 and 2017, respectively, and generated net income of \$1.4 million for the six months ended June 30, 2017 and a net loss of \$7.2 million for the six months ended June 30, 2018. Our adjusted EBITDA was \$1.3 million and \$7.9 million in 2016 and 2017, respectively, and \$7.0 million and \$0.3 million for the six months ended June 30, 2017 and 2018, respectively. See the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures” for information regarding our use of adjusted EBITDA and a reconciliation of net loss to adjusted EBITDA.

Industry Background

Labor is Undergoing a Revolution

The online freelance economy represents a shift in how labor markets operate. We believe that we are still in the early stages of the online freelance economy, with a multi-industry and multi-decade global shift affecting how businesses find talent and how people want to work.

In today’s economy, knowledge is a key driver of productivity. The first and second industrial revolutions of the 18th and 19th centuries created the industrial economy and moved workers from farms to factories. The third industrial revolution of the 20th century created the knowledge economy and moved workers from factories to office buildings.

The World Economic Forum believes that the global economy is now undergoing the fourth industrial revolution, fueled by rapid technological advances. One of the defining features of the fourth industrial revolution is the transformation of how and where work gets done, as work is increasingly no longer constrained by location. In the fourth industrial revolution, instead of the worker moving to the workplace, we are seeing that work is moving to the worker—collaboration is less constrained than ever before by physical proximity and geographic borders, particularly for highly-skilled professionals.

Jobs are Overly Concentrated in Large Cities

Data from the Bureau of Economic Analysis shows that the top six U.S. metropolitan areas alone were responsible for 26% of total U.S. GDP in 2016. This has led to imbalances in labor markets, with jobs becoming

increasingly concentrated in those cities. Despite this concentration of jobs in metropolitan areas, workers not only have become increasingly reluctant to move into large cities, but are also leaving large cities at higher rates due to continued rising costs of living and lengthy commutes.

The Labor Market Remains Inefficient

Labor markets remain fragmented and local, and the increasing specialization of work has further reduced availability of talent in local labor markets. As a result, hiring processes can last several months, which is costly to businesses, workers, and the economy. In the United States alone, employers made an average of approximately 178,800 hires per day in 2017, according to the U.S. Department of Labor. Despite this volume of hiring, as of April 2018, the average time taken to fill a job vacancy in the United States was over 31 working days, according to DHI Group. Increasing restrictions on immigration and insufficient availability of visas for skilled workers are expected to make it even harder to find specialized skills.

Businesses Face a Skills Gap

In addition to the increasing specialization of work, several other factors are exacerbating skills shortages. According to a 2014 study by the Federal Reserve Board of Governors, labor mobility has been trending downwards since the 1980s. Due to the costs of relocation, labor immobility can often result in a local skills gap or persistent regional supply-demand imbalances within skill categories. In 2018, the number of visas sought by U.S. employers for skilled workers was over twice as high as the number available, and additional restrictions on immigration may increase skills shortages. Moreover, population aging is occurring throughout the world, with many countries facing growing labor force shortages due to demographic changes. Illustrating these difficulties, according to a survey conducted by the NFIB Research Center, 88% of small businesses surveyed that were hiring, or trying to hire, reported few or no qualified applicants for the positions they were trying to fill as of April 2018.

Businesses and Workers Desire Flexible Work

In January 2018, 59% of hiring managers indicated they were leveraging flexible talent, which includes temporary, freelance, and agency workers, up 24% from January 2017, according to the 2018 Future Workforce Report, a study we commissioned from the independent research firm Inavero. According to the same report, hiring managers anticipated work performed by flexible talent will increase by 168% in the next 10 years.

Simultaneously, knowledge workers are increasingly demanding flexible and independent work arrangements. According to economists Lawrence Katz of Harvard University and Alan Krueger of Princeton University, 94% of net job growth in the past decade was in the alternative work category, which they define as temporary help agency workers, on-call workers, contract company workers, and independent contractors or freelancers, and over 60% was due to the rise of independent contractors, freelancers, and contract company workers. The freelance workforce is one of the fastest-growing segments of the U.S. labor market. From millennials to retiring baby boomers, the number of people choosing to freelance is growing.

Technology is Enabling Remote Work

Rapid technological advancement and innovation in connectivity, communication, and collaboration solutions continue to enhance remote work capabilities and increase trust. Additionally, the global workforce is now able to access technologies and tools such as email, enterprise resource planning, and customer relationship management from anywhere with a laptop or mobile phone. With continued innovation in remote work capabilities, businesses are increasingly able to effectively connect and work with non-local talent, and the benefits of geographic proximity are diminishing. According to a McKinsey Global Institute report, an estimated 11% of service jobs worldwide could be performed remotely. Illustrating the increasing amount of remote work, the number of telecommuting workers grew 115% in a decade, from approximately 1.8 million in 2005 to approximately 3.9 million in 2015, according to the 2017 State of Telecommuting in the U.S. Employee Workforce report.

In the Accenture Technology Vision 2017 report, Accenture forecasts that in the next five years, on-demand work platforms will emerge as a primary driver of economic growth in developed and emerging economies worldwide. We believe that prevailing conventional methods for sourcing talent, finding and completing work, hiring, and making and receiving payments will be increasingly inadequate.

Our Marketplace

We operate the largest online global marketplace that enables businesses to find and work with highly-skilled freelancers as measured by GSV. The freelancers on our platform include independent professionals and agencies of varying sizes. The clients on our platform range in size from small businesses to Fortune 500 companies.

We have built a proprietary platform that reduces the friction associated with searching for, contracting and collaborating with, and paying highly-skilled freelancers for short-term and longer-term projects. As early innovators in this space, we have built an expansive and unique repository of data on our platform, which, when combined with our machine learning capabilities, enables us to better connect clients with available talent for their projects. For example, we use machine learning to predict the availability, interest, and skill relevance of specific freelancers for specific projects.

Clients using our marketplace can find the right freelancers in less time and at a lower cost compared to traditional channels. In 2017 and in the six months ended June 30, 2018, we maintained high Net Promoter Scores, or NPS, of over 60 on average from both freelancers and clients.

Scale and Liquidity

In the twelve months ended June 30, 2018, our platform enabled \$1.56 billion of GSV across 2.0 million projects between approximately 375,000 freelancers and 475,000 clients, including more than 30% of the Fortune 500 companies as of June 30, 2018. The size and scale of our platform provides clients with fast, secure, and efficient access to high-quality talent.

Global Reach

We help freelancers in over 180 countries connect with clients and enable freelancers to withdraw payments for their work in numerous currencies. Supported by strong network effects on our marketplace, we have been able to scale our business and our global community of users without the need for local physical presence and density.

Multi-Category

Our platform provides clients with access to highly-skilled freelancers with over 5,000 skills, across over 70 categories. In 2017, approximately 40% of clients engaged freelancers across multiple categories on our platform. Our platform had more than 20 categories that each generated over \$20 million of GSV in 2017.

Unique Data Assets

Our proprietary database maintains detailed and dynamic information, including skills, feedback, and success indicators of freelancers and clients transacting on our platform. Moreover, our machine learning algorithms leverage our closed-loop transaction data on millions of completed projects. The large volume of transactions on our marketplace allows us to continually improve the effectiveness of our search algorithms and product features, providing a compelling and differentiated value proposition for both new and existing freelancers and clients.

Benefits for Highly-Skilled Freelancers

Access to Quality Clients and Work

Our marketplace provides freelancers access to quality clients and rewarding projects. Our platform features both quick, discrete projects and longer-term projects. By reducing non-billable time, including time spent searching

for new clients and projects, invoicing, and collecting payments for completed projects, our platform enables freelancers to be more productive, increase their earnings, and find clients outside of their local geography.

Flexibility

Our platform enables freelancers to obtain the flexibility they seek to run their own businesses, choose their own clients, determine their own pricing, create their own schedules, and work from their preferred locations.

Secure and Timely Payments

Freelancers conveniently receive payments from their clients through our platform. Funds are securely held and transferred through our escrow service, enabling trust and timely payment.

Marketing and Reputation Building

We serve as a powerful marketing channel for freelancers to increase demand for their specialized skills. Using our marketplace, freelancers receiving positive client feedback typically benefit from increased demand for their services. We also enable freelancers to be visible in search results globally and to build a business reputation and brand through their skill profiles and project history on our platform.

Insights into High-Demand Skills

We give freelancers real-time visibility into which skills are highest in demand and associated rates paid for those services. With this insight, freelancers can actively invest their time and focus on developing sought-after skills to grow their businesses and increase their earnings.

Benefits for Clients

Access to High-Quality Freelancers

Every day, an average of approximately 10,000 independent professionals and agencies apply to join our platform. We leverage machine learning to automatically accept the registrations of high-quality, in-demand talent. As of February 2017, over 80% of freelancers using our platform held a college degree or advanced degree, with 34% holding a post-graduate degree, according to an internally-conducted survey. Based on information contained in comprehensive freelancer profiles, which include skill profiles and project history on our platform, we highlight the right freelancers to the right clients.

Speed to Hire

Clients often receive proposals within minutes of posting a job, and the median time to hire was 23 hours in 2017. Our marketplace streamlines the interviewing, screening, and contracting process through proprietary search algorithms incorporating freelancers' availability, online status, and skill profiles.

Cost Savings

Our platform offers a direct-to-talent approach, reducing the reliance on intermediaries such as staffing firms, recruiters, and traditional agencies. Clients using our platform only pay for the specific work they need. Based on client feedback, we believe that clients realize significant cost savings compared to hiring locally or using staffing firms or other intermediaries.

Streamlined Processes

Our end-to-end software platform streamlines workflows, such as talent sourcing, outreach, and engagement. Our platform includes a proposal tracking system, collaboration and communication features, time tracking and invoicing, and two-way feedback and review systems to better manage the lifecycle of project engagements.

Trust and Verification

Our technology was built to help instill trust in remote service relationships. Our platform provides insight into freelancer billing, allowing clients to verify work activity reflected on their invoices, while our collaboration and communication features foster responsiveness and transparency between freelancers and clients. Funds are securely held and released through escrow, enabling mutual trust and timely payments. Our platform also provides tools to enable users to provide both public and private feedback once the work is completed.

Unique Access to Specialized Skills

Freelancers on our platform offer over 5,000 skills across over 70 categories. Within each category, there are multiple skills. For example, skills for the mobile development category include Objective C, Swift, and Android app development. Skills on our platform dynamically evolve with the labor market, which enables clients to find freelancers in current and emerging skill areas, such as augmented reality, robotics, and blockchain. By having access to freelancers with an extensive variety of skills, clients can meet their needs for highly-skilled talent on one platform.

Our Strengths

Largest Online Global Marketplace for Highly-Skilled Freelancers

We operate the largest online global marketplace that enables businesses to find and work with highly-skilled freelancers as measured by GSV. Today, our platform provides clients with access to highly-skilled freelancers with over 5,000 skills across over 70 categories. In the twelve months ended June 30, 2018, our platform enabled \$1.56 billion of GSV across 2.0 million projects between approximately 375,000 freelancers and 475,000 clients in over 180 countries. We had over 1,400 clients that each spent over \$100,000 on our platform in 2017, and no single client accounted for more than two percent of total client spend.² We believe our size and scale demonstrate the effectiveness of our platform in connecting businesses with global talent.

Trusted Platform for Freelancers and Clients

We believe our ability to foster trust and credibility on our platform drives growth and differentiates us. We use a combination of the latest technology, data science, product features, and our skilled team to make our platform a trusted online marketplace to get work done. We build and use software to highlight relevant freelancers, facilitate security and identity verification for account ownership, and flag suspicious posts to maintain a trusted marketplace. We provide clients with tools to validate work performed by freelancers and to provide both public and private feedback once the work is completed. Our feedback system enables freelancers to build their business reputation by establishing long-term credibility with project review and client feedback. We provide escrow services so clients on our platform only pay for work that has been completed and freelancers are paid by their clients in full and on time.

Proprietary Data Drives Increasing Efficiencies

We have built an expansive and dynamic repository of data on our platform, which allows us to better enable clients to connect with the best talent for their projects. We use this data in our machine learning algorithms on our platform to provide a trusted, convenient, and effective user experience for both new and existing freelancers and clients.

Robust Platform Functionality

Our platform includes a proposal tracking system, search engine and collaboration functionality, time tracking and invoicing systems, and payments services. The robust functionality of our platform enables

² Client spend represents the total amount that clients spend on both our marketplace offerings and our managed services offering. For additional information related to how we calculate client spend, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics."

freelancers to more easily run their businesses and clients to find and work with high-quality talent globally. As of June 30, 2018, we were actively working with approximately 400 engineers, including both our employees and freelancers, to innovate and improve our platform.

Powerful Global Network Effects

We have heavily invested in building a robust platform with features and functionalities that are necessary to connect freelancers and clients at scale. We believe our platform provides a strong value proposition for both sides of our marketplace and our scale creates powerful network effects that strengthen our competitive differentiation. Clients are attracted to our unique platform due to the availability of the more than 5,000 skills that freelancers offer in over 70 categories. In turn, as more clients use and post projects on our platform, we are able to attract more freelancers. As a result, we have been able to scale our business and our global community of users without the need for local physical presence and density.

Business Model with Strong Retention Metrics

The growth in our marketplace is driven by long-term and recurring use of our platform by freelancers and clients, which leads to increased revenue visibility for us. For example, for the quarterly period ended June 30, 2018, in addition to acquiring new clients, our client spend retention was 106%.³ Furthermore, the quality of our relationship with freelancers and clients that use our platform is reflected in our NPS, which exceeded 60 on average from both freelancers and clients throughout 2017 and the six months ended June 30, 2018. In addition, we believe the scale of our platform incentivizes freelancers to build their business reputations and continue to use our platform.

Proven Management Team

Our company was formed when two of the earliest innovators in the space, and the largest online talent marketplaces at the time, Elance and oDesk, combined in 2014. Our management team has a strong track record of scaling and running businesses with a focus on online marketplaces, business-to-business services and software, and global payments technologies. Our President and Chief Executive Officer, Stephane Kasriel, is an active thought leader in talent engagement and the future of work, and, from 2016 to 2018, served as the co-chair of the World Economic Forum's Global Future Council on Education, Gender and Work.

Growth Strategies

Increase Spend from Existing Clients

We intend to expand our relationship with our existing clients and increase their spend on our platform by investing in building new products and premium features.

Attract New Clients Through Marketing Efforts

We intend to expand our marketing efforts to increase awareness of our platform and the benefits of using flexible and remote talent and, as a result, attract new clients.

Remain a Preferred Platform for Freelancers

We will continue to invest in new products and features to help freelancers grow their businesses by finding more work and increasing their earnings.

Further Invest in Technology

We plan to continue to improve our user experience by enhancing our software capabilities, data science, security, and technology infrastructure.

³ For the definition of client spend retention, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics."

Invest in Domestic Marketplace Capabilities Internationally

We plan to invest in building domestic-to-domestic marketplaces internationally by connecting local clients to local freelancers, similar to our U.S.-to-U.S. domestic offering, including customizing our platform to support additional languages and currencies. We believe that by tailoring our platform experience to the nuances of regional markets, we can further improve the experience of our users.

Broaden and Deepen Categories

We have successfully scaled over 20 different categories to over \$20 million GSV in 2017. We intend to focus further on customizing experiences for categories through tailored features and functionalities, thus making it easier and more efficient for clients to connect with the right freelancers.

Focus on Premium Offerings

We plan to invest further in our direct sales team and expand our premium offerings. We believe there is a significant opportunity to expand existing client spend, add new enterprise clients, and cross-sell and upsell existing enterprise clients across various categories.

Risks Affecting Us

Our business is subject to numerous risks and uncertainties, including those in the section titled “Risk Factors” beginning on page 14 and elsewhere in this prospectus. These risks include the following:

- our growth depends on our ability to attract and retain a community of freelancers and clients, and the loss of our users, or failure to attract new users, could adversely impact our business;
- we have a history of net losses, anticipate increasing our operating expenses in the future, and may not achieve or sustain profitability;
- we have a limited operating history under our current platform and pricing model, which makes it difficult to evaluate our business and prospects and increases the risks associated with your investment;
- if the market for freelancers and the services they offer develops more slowly than we expect, our growth may slow or stall, and our operating results could be adversely affected;
- if we are not able to develop and release new products and services, or develop and release successful enhancements, new features, and modifications to our existing products and services, our business could be adversely affected;
- our operating results may fluctuate from quarter to quarter, which makes our future results difficult to predict;
- because we derive the substantial majority of our revenue from our marketplace offerings, with most of our marketplace revenue derived from our Upwork Standard offering, our inability to generate revenue from our marketplace offerings would adversely affect our business, operating results, financial condition, and growth prospects;
- we may be subject to new and existing laws and regulations, both in the United States and internationally; and
- we face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition, and operating results.

Corporate Information

We were incorporated in the State of Delaware in December 2013 prior to and in connection with the combination of Elance, Inc. and oDesk Corporation. In connection with the combination, we changed our name

to Elance-oDesk, Inc. in March 2014, and then to Upwork Inc. in May 2015. Our principal executive offices are located at 441 Logue Avenue, Mountain View, California 94043. Our telephone number is (650) 316-7500. Our website address is www.upwork.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. Investors should not rely on any such information in deciding whether to purchase our common stock. Unless otherwise indicated, the terms “Upwork,” “we,” “us,” and “our” refer to Upwork Inc. and our consolidated subsidiaries.

Upwork, the Upwork logo, Talent Cloud, Upwork Enterprise, Elance, oDesk, Elance-oDesk, Work Without Limits, and other registered or common law trade names, trademarks, or service marks of Upwork appearing in this prospectus are the property of Upwork. This prospectus contains additional trade names, trademarks, and service marks of ours and of other companies. We do not intend our use or display of other companies’ trade names, trademarks, or service marks to imply a relationship with these other companies, or endorsement or sponsorship of us by these other companies. Other trademarks appearing in this prospectus are the property of their respective holders. Solely for convenience, our trademarks and tradenames referred to in this prospectus appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor, to these trademarks and tradenames.

Implications of Being an Emerging Growth Company

As a company with less than \$1.07 billion in revenue during our most recently completed fiscal year, we qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act of 1933, as amended, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable, in general, to public companies that are not emerging growth companies. These provisions include:

- an exemption from compliance with the auditor attestation requirement on the effectiveness of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- an exemption from compliance with any requirement that the Public Company Accounting Oversight Board may adopt regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements;
- reduced disclosure about our executive compensation arrangements;
- exemptions from the requirements to obtain a non-binding advisory vote on executive compensation or a stockholder approval of any golden parachute arrangements; and
- extended transition periods for complying with new or revised accounting standards.

We will remain an emerging growth company until the earliest to occur of: (i) the last day of the fiscal year in which we have more than \$1.07 billion in annual revenue; (ii) the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates; (iii) the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities; and (iv) the last day of the fiscal year ending after the fifth anniversary of the completion of this offering.

We may take advantage of these exemptions until such time that we are no longer an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies. Further, pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our operating results and financial statements may not be comparable to the operating results and financial statements of other companies who have adopted the new or revised accounting standards. It is possible that some investors will find our common stock less attractive as a result, which may result in a less active trading market for our common stock and higher volatility in our stock price.

THE OFFERING

Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Total 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 that we are selling in this offering will be approximately \$ million, or approximately \$ million if the underwriters exercise their option to purchase additional shares in full, based upon an assumed initial public offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

We primarily intend to use the net proceeds that we receive from this offering for working capital and other general corporate purposes. We also intend to use a portion of the net proceeds we receive from this offering to repay approximately \$19.0 million of indebtedness under our loan and security agreement with Silicon Valley Bank, or our Loan Agreement. We may also use a portion of the proceeds for the acquisition of, or investment in, technologies, solutions, or businesses that complement our business. However, we do not have agreements or commitments for any acquisitions or investments outside the ordinary course of business at this time. See the section titled “Use of Proceeds” for additional information.

Risk factors

See the section titled “Risk Factors” and other information included in this prospectus for a discussion of some of the factors you should consider before deciding to purchase shares of our common stock.

Nasdaq Global Market symbol

“UPWK”

The number of shares of our common stock to be outstanding after this offering is based on 97,159,082 shares of our common stock outstanding as of June 30, 2018, and excludes:

- 22,932,222 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2018, with a weighted-average exercise price of \$3.29 per share (including shares of our common stock issuable upon the exercise of options to purchase shares of common stock that will be sold in this offering);
- 398,331 shares of our common stock issuable upon the exercise of a convertible preferred stock warrant outstanding as of June 30, 2018, with an exercise price of \$3.13 per share;
- 2,693,123 shares of our common stock issuable upon the exercise of stock options granted after June 30, 2018, with a weighted-average exercise price of \$6.84 per share;

- 500,000 shares of our common stock issuable upon the exercise of a common stock warrant outstanding as of June 30, 2018 with an exercise price of \$0.01 per share that we issued in May 2018 to the Tides Foundation in connection with establishing The Upwork Foundation initiative; and
- 14,743,154 shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (i) 2,543,154 shares of our common stock reserved for future issuance under our 2014 Equity Incentive Plan, or 2014 Plan, as of June 30, 2018 (which number of shares is prior to the stock options to purchase shares of our common stock granted after June 30, 2018 and an increase of 100,000 shares of our common stock reserved for future issuance under our 2014 Plan after June 30, 2018), (ii) 10,500,000 shares of our common stock reserved for future issuance under our 2018 Equity Incentive Plan, or 2018 Plan, which will become effective on the date immediately prior to the date of this prospectus, and (iii) 1,700,000 shares of our common stock reserved for issuance under our 2018 Employee Stock Purchase Plan, or 2018 ESPP, which will become effective on the date the registration statement for this offering is declared effective.

On the date immediately prior to the date of this prospectus, any remaining shares available for issuance under our 2014 Plan will be added to the shares of our common stock reserved for issuance under our 2018 Plan, and we will cease granting awards under the 2014 Plan. Our 2018 Plan and 2018 ESPP also provide for automatic annual increases in the number of shares reserved thereunder. See the section titled “Executive Compensation—Employee Benefit and Stock Plans” for additional information.

Unless otherwise noted, the information in this prospectus reflects and assumes the following:

- the automatic conversion of 61,279,079 shares of our convertible preferred stock outstanding as of June 30, 2018 into the same number of shares of common stock in connection with the completion of this offering;
- the automatic conversion of an outstanding warrant exercisable for 398,331 shares of our convertible preferred stock as of June 30, 2018 into a warrant exercisable for the same number of shares of common stock upon the completion of this offering;
- the filing of our restated certificate of incorporation and the effectiveness of our restated bylaws, each of which will occur immediately prior to the completion of this offering;
- no exercise of outstanding stock options or warrants subsequent to June 30, 2018, except for _____ shares of our common stock issued upon the exercise of options to purchase shares of common stock that will be sold in this offering; and
- no exercise of the underwriters’ option to purchase additional shares of our common stock in this offering.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables summarize our consolidated financial data. We derived our summary consolidated statements of operations data for 2016 and 2017 from our audited consolidated financial statements included elsewhere in this prospectus. We derived our summary consolidated statements of operations data for the six months ended June 30, 2017 and 2018 and our summary consolidated balance sheet data as of June 30, 2018, from the unaudited consolidated financial statements included elsewhere in this prospectus. Our unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, on the same basis as our audited annual consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal, recurring adjustments, that are necessary for the fair statement of our consolidated financial position as of June 30, 2018 and our consolidated results of operations for the six months ended June 30, 2017 and 2018. Our historical results are not necessarily indicative of the results to be expected in the future, and our results of operations for the six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the full year or any other period. You should read the following summary consolidated financial data in conjunction with the sections titled "Selected Consolidated Financial and Other Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements, the accompanying notes, and other financial information included elsewhere in this prospectus.

	<u>Year Ended December 31,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
(in thousands, except per share data and percentages)				
Consolidated Statements of Operations Data:				
Revenue:				
Marketplace	\$ 138,484	\$ 178,046	\$ 83,938	\$ 107,413
Managed services	25,961	24,506	11,593	14,486
Total revenue	164,445	202,552	95,531	121,899
Cost of revenue ⁽¹⁾	62,578	65,443	30,953	40,074
Gross profit	101,867	137,109	64,578	81,825
Operating expenses:				
Research and development ⁽¹⁾	37,902	45,604	21,005	26,303
Sales and marketing ⁽¹⁾	37,437	53,044	23,701	36,087
General and administrative ⁽¹⁾	35,446	37,334	16,463	22,395
Provision for transaction losses	5,550	4,250	1,784	2,720
Total operating expenses	116,335	140,232	62,953	87,505
Income (loss) from operations	(14,468)	(3,123)	1,625	(5,680)
Interest expense	858	960	430	1,085
Other (income) expense, net	908	62	(185)	422
Income (loss) before income taxes	(16,234)	(4,145)	1,380	(7,187)
Income tax benefit (provision)	1	22	(11)	(9)
Net income (loss)	\$ (16,233)	\$ (4,123)	\$ 1,369	\$ (7,196)
Premium paid on repurchase of redeemable convertible preferred stock	—	(6,506)	—	—
Undistributed earnings allocable to preferred stockholders	—	—	(1,369)	—
Net loss attributable to common stockholders	\$ (16,233)	\$ (10,629)	\$ —	\$ (7,196)
Net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	\$ (0.51)	\$ (0.32)	\$ —	\$ (0.21)
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	32,072	32,945	32,487	34,651
Pro forma net loss per share attributable to common stockholders, basic and diluted ⁽²⁾		\$ (0.04)		\$ (0.07)
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted ⁽²⁾		98,072		95,930
Other Financial and Operating Data⁽³⁾:				
Core clients ⁽⁴⁾	76.5	86.4	78.6	95.7
Gross services volume (GSV) ⁽⁵⁾	\$ 1,148,363	\$ 1,373,161	\$ 643,155	\$ 834,532
Client spend retention ⁽⁶⁾	85%	99%	92%	106%
Adjusted EBITDA ⁽⁷⁾	\$ 1,260	\$ 7,909	\$ 7,018	\$ 256

(1) Amounts include stock-based compensation expense as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands)			
Cost of revenue	\$ 193	\$ 290	\$ 193	\$ 105
Research and development	1,820	1,797	839	1,088
Sales and marketing	1,052	1,299	655	671
General and administrative	4,201	3,460	1,604	1,817
Total	<u>\$7,266</u>	<u>\$6,846</u>	<u>\$ 3,291</u>	<u>\$ 3,681</u>

- (2) See Notes 2 and 11 of the notes to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net loss per share attributable to common stockholders, basic and diluted, and pro forma net loss per share attributable to common stockholders, basic and diluted.
- (3) For a discussion of limitations in the measurement of core clients, GSV, and client spend retention, see the section titled “Risk Factors—We track certain performance metrics with internal tools and do not independently verify such metrics. Certain of our performance metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.”
- (4) For the definition of core clients, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics.”
- (5) For the definition of gross services volume, or GSV, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics.”
- (6) For the definition of client spend retention, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics.”
- (7) For the definition of adjusted EBITDA and a reconciliation of net loss to adjusted EBITDA, see the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures.”

	As of June 30, 2018		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash	\$ 31,331	\$ 31,331	\$
Working capital	24,148	24,148	
Total assets	290,263	290,263	
Other liabilities, noncurrent	2,513	1,050	
Debt, current and noncurrent	33,884	33,884	
Redeemable convertible preferred stock	166,486	—	
Total stockholders’ (deficit) equity	(30,611)	137,338	

- (1) Reflects (i) the automatic conversion of 61,279,079 outstanding shares of our convertible preferred stock into the same number of shares of common stock and (ii) the automatic conversion of an outstanding warrant exercisable for 398,331 shares of our convertible preferred stock as of June 30, 2018 into a warrant exercisable for the same number of shares of common stock upon the completion of this offering.
- (2) Reflects (i) the pro forma adjustments described in footnote (1) and the sale of _____ shares of common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, (ii) the application of such proceeds as described in the section titled “Use of Proceeds,” and (iii) aggregate net proceeds of \$ _____ received by us in connection with the exercise of options to purchase an aggregate of _____ shares of common stock in order to sell those shares in this offering. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of pro forma as adjusted cash, working capital, total assets, and total stockholders’ (deficit) equity by \$ _____ million, assuming the number of shares we are offering, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions payable by us. We may also increase or decrease the number of shares we are offering. An increase (decrease) of 1,000,000 in the number of shares we are offering would increase (decrease) each of pro forma as adjusted cash, working capital, total assets, and total stockholders’ (deficit) equity by \$ _____ million, assuming the initial public offering price per share remains the same. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price, number of shares offered, and other terms of this offering determined at pricing.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the accompanying notes included elsewhere in this prospectus before deciding whether to invest in shares of our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition, operating results, and future 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 Industry

Our growth depends on our ability to attract and retain a community of freelancers and clients, and the loss of our users, or failure to attract new users, could adversely impact our business.

The size of our community of users, including both freelancers and clients, is critical to our success. Our ability to achieve significant growth in revenue in the future will depend, in large part, upon our ability to attract new users to, and retain existing users on, our platform. Achieving growth in our community of users may require us to increasingly engage in sophisticated and costly sales and marketing efforts that may not result in additional users. We may also need to modify our pricing model to attract and retain such users. If we fail to attract new users or fail to maintain or expand existing relationships in a cost-effective manner, our revenue will grow more slowly than expected and our business could be adversely impacted.

Freelancers have many different ways of marketing their services, securing clients, and obtaining payments from clients, including meeting and contacting prospective clients through other services, advertising to prospective clients online or offline through other methods, signing up for online or offline third-party agencies, using other online or offline platforms, signing up with staffing firms, using other payment services, or finding employment full-time or part-time through an agency or directly with a business. Clients have similarly diverse options to find and pay service providers, such as engaging and paying service providers directly, finding service providers through other online or offline platforms or through staffing firms and agencies, using other payment services, or hiring temporary, full-time, or part-time employees. For the years ended December 31, 2016 and 2017 and the six months ended June 30, 2018, we generated significant revenue from one client, which accounted for more than 10% of revenue for each such period and, therefore, a decrease in revenue from this client could have an adverse effect on our operating results. Moreover, any decrease in the attractiveness of our platform or failure to retain these clients could lead to decreased traffic on our platform, diminished network effects, or result in a drop in GSV on our platform, which could adversely affect our business, revenue, financial condition, and operating results. In addition, if we fail to attract new freelancers, freelancers decrease their use of or cease using our platform, the quality or types of services provided by freelancers that use our platform are not satisfactory to clients, or freelancers increase their fees for services more than clients are willing to pay, clients may decrease their use of, or cease using, our platform and our revenue may be adversely impacted.

Users can generally decide to cease using our platform at any time. Users may stop using our platform and related services if the quality of the user experience on our platform, including our support capabilities in the event of a problem, does not meet their expectations or keep pace with the quality of the user experience generally offered by competitive products and services. Users may also choose to cease using our platform if they perceive that our pricing model is not in line with the value they derive from our platform or for other reasons. In addition, expenditures by clients may be cyclical and may reflect overall economic conditions or budgeting patterns. If users stop using our platform and services for any reason, including the foregoing reasons, our revenue and business would be adversely affected.

We have a history of net losses, anticipate increasing our operating expenses in the future, and may not achieve or sustain profitability.

We have incurred net losses in each fiscal year since the combination of Elance and oDesk, including net losses of \$16.2 million and \$4.1 million in 2016 and 2017, respectively, and a net loss of \$7.2 million for the six months ended June 30, 2018, and we expect to incur net losses for the foreseeable future. As of June 30, 2018, we had an accumulated deficit of \$130.8 million. We expect to make significant future expenditures related to the development and expansion of our business, including enhancing our Upwork Enterprise offering and our U.S.-to-U.S. domestic offering, expanding domestic-to-domestic offerings into new geographies, and broadening and deepening the categories on our platform, and in connection with legal, accounting, and other administrative expenses related to operating as a public company. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses. While our revenue has grown in recent years, if our revenue declines or fails to grow at a rate faster than increases in our operating expenses, we will not be able to achieve and maintain profitability in future periods. As a result, we may continue to generate losses. We cannot ensure that we will achieve profitability in the future or that, if we do become profitable, we will be able to sustain profitability.

We have a limited operating history under our current platform and pricing model, which makes it difficult to evaluate our business and prospects and increases the risks associated with your investment.

We operated the Elance and oDesk platforms separately until we relaunched as Upwork in May 2015 and consolidated those platforms into a single platform. In recent years, we have also expanded our Upwork Enterprise offering, which helps enterprises and other larger businesses connect with freelancers and provides these larger clients with additional products and services. We also made significant changes to our pricing model in 2016. As a result, our platform and pricing model have not been fully proven, and we have only a limited operating history with our current pricing model to evaluate our business and future prospects, which subjects us to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including our ability to achieve market acceptance of our platform and attract and retain users, as well as increasing competition and increasing expenses as we continue to grow our business. We cannot ensure that we will be successful in addressing these and other challenges we may face in the future, and our business may be adversely affected if we do not manage these risks successfully. In addition, we may not achieve sufficient revenue to achieve or maintain positive cash flow from operations or profitability in any given period, or at all.

If the market for freelancers and the services they offer develops more slowly than we expect, our growth may slow or stall, and our operating results could be adversely affected.

The market for freelancers and the services they offer is relatively new, rapidly evolving, and unproven. Our future success will depend in large part on the continued growth and expansion of this market and the willingness of businesses to engage freelancers to provide services. It is difficult to predict the size, growth rate, and expansion of this market, the entry of products and services that are competitive to ours, the success of existing competitive products and services, or technological or other developments that will impact the overall demand for freelancers. Furthermore, many businesses may be unwilling to engage freelancers for a variety of reasons, including perceived negative connotations with outsourcing work or security concerns. If the market for freelancers and the services they offer does not achieve widespread adoption, or there is a reduction in demand for freelancer services, it could result in decreased revenue and our business could be adversely affected.

If we are not able to develop and release new products and services, or develop and release successful enhancements, new features, and modifications to our existing products and services, our business could be adversely affected.

The market for our platform is characterized by rapid technological change, frequent new product and service introductions and enhancements, changing user demands, and evolving industry standards. The

introduction of products and services embodying new technologies can quickly make existing products and services obsolete and unmarketable. We invest substantial resources in researching and developing new products and services and enhancing our platform by incorporating additional features, improving functionality, and adding other improvements to meet our users' evolving demands in our highly competitive industry. The success of any enhancements or improvements to our platform or any new products and services depends on several factors, including timely completion, competitive pricing, adequate quality testing, integration with new and existing technologies on our platform and third-party partners' technologies, and overall market acceptance. We cannot be sure that we will succeed in developing, marketing, and delivering on a timely and cost-effective basis enhancements or new features to our platform or any new products and services that respond to continued changes in the market for talent or business services, nor can we be sure that any enhancements or new features to our platform or any new products and services will achieve market acceptance. Because further development of our platform is complex, challenging, and dependent upon an array of factors, the timetable for the release of new products and services and enhancements to existing products and services is difficult to predict, and we may not offer new products and services as rapidly as users of our platform require or expect. Any new products or services that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, or may not achieve the broad market acceptance necessary to generate sufficient revenue. Moreover, even if we introduce new products and services, we may experience a decline in revenue from our existing products and services that is not offset by revenue from the new products or services. In addition, we may lose existing users who choose competing products or services. This could result in a temporary or permanent revenue shortfall and adversely affect our business.

Our operating results may fluctuate from quarter to quarter, which makes our future results difficult to predict.

Our quarterly operating results have fluctuated in the past and may fluctuate in the future. Additionally, we have a limited operating history with our current platform and pricing model, which makes it difficult to forecast our future results. As a result, you should not rely upon our past quarterly operating results as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving markets. Our operating results in any given quarter can be influenced by numerous factors, many of which are unpredictable or are outside of our control, including:

- our ability to generate significant revenue from our Upwork Standard, Upwork Enterprise, and other premium offerings;
- fluctuations in revenue from our managed services offering due to our recognition of the entire GSV as revenue, including the amounts paid to freelancers;
- our ability to maintain and grow our community of users;
- the demand for and types of skills and services that are offered on our platform by freelancers;
- due to our tiered-pricing model for freelancer service fees, the mix in any period between freelancers that have billed larger amounts to clients on our platform, where we charge a lower rate on billings, and freelancers that have billed clients less on our platform, where we charge a higher rate on billings;
- spending patterns of clients, including whether those clients that use our platform frequently, or for larger projects, reduce their spend, stop using our platform, or change their method of payment to us;
- the disbursement methods chosen by freelancers;
- seasonal spending patterns by clients or work patterns by freelancers and seasonality in the labor market, including the number of business days in any given quarter or local, national, or international holidays;
- fluctuations in the prices that freelancers charge clients on our platform;
- fluctuations in the mix in payment provider costs;
- changes to our pricing model;

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- our ability to introduce new products and services and enhance existing products and services;
- our ability to generate significant revenue from new products and services;
- our ability to respond to competitive developments, including pricing changes and the introduction of new products and services by our competitors;
- the productivity of our sales force;
- changes in the mix of products and services that enterprise clients or other users demand;
- the length and complexity of our sales cycles;
- the episodic nature of freelance work;
- the cost to develop and upgrade our platform to incorporate new technologies;
- the impact of outages of our platform and associated reputational harm;
- changes to financial accounting standards and the interpretation of those standards that may affect the way we recognize and report our financial results, including changes in accounting rules governing recognition of revenue;
- potential costs to attract, onboard, retain, and motivate qualified talent to perform services for us;
- increases in, and timing of, operating expenses that we may incur to grow and expand our operations and to remain competitive;
- costs related to the acquisition of businesses, talent, technologies, or intellectual property, including potentially significant amortization costs and possible write-downs;
- security or privacy breaches, and associated remediation costs;
- litigation, adverse judgments, settlements, or other litigation-related costs;
- changes in the common law, statutory, legislative, or regulatory environment, such as with respect to privacy, wage and hour regulations, worker classification (including classification of independent contractors or similar service providers and classification of employees as exempt or non-exempt), internet regulation, payment processing, global trade, or tax requirements;
- fluctuations in currency exchange rates;
- changes in the mix of countries in which our users are located, which impacts the amount of revenue we derive from foreign exchange;
- the timing of stock-based compensation expense;
- operating lease expenses and other real estate expenses;
- expenses incurred in connection with The Upwork Foundation initiative; and
- general economic and political conditions and government regulations in the countries where we currently have significant numbers of users, or where we currently operate or may expand in the future.

The impact of one or more of the foregoing and other factors may cause our operating results to vary significantly. As such, we believe that quarter-to-quarter comparisons of our operating results may not be meaningful and should not be relied upon as an indication of future performance. 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.

Because we derive the substantial majority of our revenue from our marketplace offerings, with most of our marketplace revenue derived from our Upwork Standard offering, our inability to generate revenue from our marketplace offerings would adversely affect our business, operating results, financial condition, and growth prospects.

Currently, we derive and expect to continue to derive, in the near future, the substantial majority of our revenue from our marketplace offerings, with most of our marketplace revenue derived from our Upwork Standard offering. As such, market acceptance of our marketplace offerings is critical to our continued success. Demand for our marketplace offerings is affected by a number of factors beyond our control, including the timing of development and release of new products and services by our competitors, our ability to respond to technological change and to innovate and grow, contraction in our market, and the other risks identified herein. If we are unable to continue to meet user demands, to expand the categories of services offered on our platform, or to achieve more widespread market acceptance of our marketplace offerings, our business operations, financial results, and growth prospects could be adversely affected.

We may be subject to new and existing laws and regulations, both in the United States and internationally.

We are subject to a wide variety of foreign and domestic laws. Laws, regulations, and standards governing issues such as worker classification, employment, payments, worker confidentiality obligations and whistleblowing, intellectual property, consumer protection, taxation, privacy, and data security are often complex and subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal and state administrative agencies. Many of these laws were adopted prior to the advent of the internet and mobile and related technologies and, as a result, do not contemplate or address the unique issues of the internet and related technologies. Other laws and regulations may be adopted in response to internet, mobile, and related technologies. New and existing laws and regulations (or changes in interpretation of existing laws and regulations), including those concerning worker classification, independent contractors, employment, payments, whistleblowing and worker confidentiality obligations, intellectual property, consumer protection, taxation, privacy, data security, benefits, unionizing and collective action, arbitration agreements and class action waiver provisions, terms of service, website accessibility, background checks (such as the Fair Credit Reporting Act, 15 U.S.C. § 1681), and escheatment, may also be adopted, implemented, or interpreted to apply to us and other online services marketplaces. As our platform's geographical scope expands, regulatory agencies or courts may claim that we, or our users, are subject to additional requirements, or are prohibited from conducting our business in or with certain jurisdictions, either generally or with respect to certain services. It is also possible that certain provisions in agreements with our service providers or between freelancers and clients may be found to be unenforceable or not compliant with applicable law.

Recent financial, political, and other events may increase the level of regulatory scrutiny on larger companies, technology companies in general, and companies engaged in dealings with independent contractors or payments in particular. Regulatory agencies may enact new laws or promulgate new regulations that are adverse to our business, or they may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to our business. Such regulatory scrutiny or action may create different or conflicting obligations on us from one jurisdiction to another.

Our success, or perceived success, and increased visibility may also drive some businesses that view our business model to be a threat to raise concerns about our business model to local policymakers and regulators. These businesses and their trade association groups or other organizations may take actions and employ significant resources to shape the legal and regulatory regimes in countries where we may have, or seek to have, a significant number of users in an effort to change such legal and regulatory regimes in ways intended to adversely affect or impede our business and the ability of users to utilize our platform.

As we look to expand our international footprint over time, we may become obligated to comply with additional laws and regulations of the countries or markets in which we operate or have users. If we are found to

be subject to new or existing laws and regulations, contractual provisions that are designed to protect and mitigate against such risks, including terms of service, arbitration and class action waiver provisions, disclaimers of warranties, limitations of liabilities and indemnification provisions, could be deemed unenforceable as to the application of these laws and regulations by a court, arbitrator or other decision-making body. If we are unable to comply with these laws and regulations or manage the complexity of global operations and supporting an international user base successfully, our business, operating results, and financial condition could be adversely affected.

We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition, and operating results.

The market for freelancers and the clients that engage them is highly competitive, rapidly evolving, fragmented, and subject to changing technology, shifting needs, and frequent introductions of new products and services. We compete with a number of online and offline platforms and services domestically and internationally to attract and retain users. Our main competitors fall into the following categories:

- traditional contingent workforce and staffing service providers and other outsourcing providers, such as The Adecco Group, Randstad, Recruit, ManpowerGroup, and Robert Half International;
- online freelancer platforms that serve either a diverse range of skill categories, such as Fiverr and Freelancer.com, or specific skill categories;
- other online providers of products and services for individuals or businesses seeking work or to advertise their services, including personal and professional social networks, such as LinkedIn (owned by Microsoft) and GitHub (which has agreed to be acquired by Microsoft), employment marketplaces, recruiting websites, and project-based deliverable providers;
- software and business services companies focused on talent acquisition, management, invoicing, or staffing management products and services;
- payment businesses, such as PayPal and Payoneer, that can facilitate payments to and from businesses and service providers;
- businesses that provide specialized, professional services, including consulting, accounting, marketing, and information technology services; and
- online and offline job boards, classified ads, and other traditional means of finding work and service providers, such as Craigslist, CareerBuilder, Indeed, Monster, and ZipRecruiter.

In addition, well-established internet companies, such as Google, LinkedIn, and Amazon, and social media platforms, such as Facebook, have entered or may decide to enter into our market segment, and some of these companies have launched products and services that directly compete with our platform. For example, in 2016, LinkedIn launched ProFinder, its service to connect LinkedIn members with one another for freelance service relationships.

Internationally, we compete against online and offline channels and products and services in most countries. These local competitors might have greater brand recognition than us in their local country and a stronger understanding of local culture and commerce. They may also offer their products and services in local languages that we do not offer. As our business grows internationally, we may increasingly compete with these international companies. We also compete against locally-sourced service providers and traditional, offline means of finding work and procuring services, such as personal and professional networks, classified ads, recruiters, and staffing businesses.

In the future, we may also compete with companies that utilize emerging technologies, such as blockchain, augmented reality, and machine learning. Many of the companies and services that utilize these technologies in our market are still new and not yet fully mature in their capabilities or network scale. However, we may face increased competition should these companies and services succeed. These competitors may offer products and

services that may, among other things, provide automated alternatives to the services that freelancers provide on our platform or change the way that businesses engage service providers so as to make our platform less attractive to users.

Many of our current and potential competitors, both online and offline, enjoy substantial competitive advantages, such as greater name recognition, longer operating histories, greater financial, technical, and other resources, and, in some cases, the ability to rapidly combine online platforms with traditional staffing and contingent worker solutions. These companies may use these advantages to offer products and services similar to ours at a lower price, develop different products and services to compete with our platform, or respond more quickly and effectively than we do to new or changing opportunities, technologies, standards, regulatory conditions, or user preferences or requirements. In addition, while we compete intensely in more established markets, we also compete in developing technology markets that are characterized by dynamic and rapid technological change, many and different business models, and frequent disruption of incumbents by innovative online and offline entrants. The barriers to entry into these markets can be low, and businesses easily can launch online or mobile platforms and applications at nominal cost by using commercially available software or partnering with various established companies in these markets. For all of these reasons, we may not be able to compete successfully against our current and future competitors.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future third-party partners. By doing so, these competitors may increase their ability to meet the needs of existing or prospective users. These developments could limit our ability to obtain revenue from existing and new users. If we are unable to compete successfully against current and future competitors, our business, operating results, and financial condition would be adversely impacted.

If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.

The Upwork brand did not exist before 2015, but we believe that developing, maintaining, and enhancing awareness and integrity of our brand and reputation in a cost-effective manner are important to achieving widespread acceptance and use of our platform and are important elements in attracting new users and retaining existing users. Successful promotion of our brand and our business model depends on, among other things, the effectiveness of our marketing efforts, our ability to provide a reliable, trustworthy, and useful platform at competitive prices, the perceived value of our platform, and our ability to provide quality support. In order to reach brand awareness levels of our competitors, we will need to continuously invest in marketing programs that may not be successful in achieving meaningful awareness levels. Further, brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. For example, in 2017 and in the six months ended June 30, 2018, we increased investment in offline advertising in certain markets to increase our brand awareness, and it is not certain that these investments will have a positive impact on our brand. In order to protect our brand, we also expend substantial resources to register and defend our trademarks and to prevent others from using the same or substantially similar marks. Despite these efforts, we may not always be successful in registering and preventing misappropriation of our own marks and other intellectual property or preventing registration of confusingly similar marks, and we may suffer dilution, loss of reputation, or other harm to our brand. We also rely on our community of users in a variety of ways, including their willingness to give us feedback regarding our platform, and failure of our users to provide positive feedback on their experience on our platform could negatively impact the willingness of prospective users to use our platform. If we fail to promote and maintain our brand successfully or to maintain loyalty among our users, or if we incur substantial expenses in unsuccessful attempts to promote and maintain our brand, we may fail to attract new users or retain our existing users and our business and financial condition may be adversely affected.

There may be adverse tax, legal, and other consequences if the contractor classification or employment status of freelancers that use our platform is challenged.

Clients are generally responsible for properly classifying the freelancers they engage through our platform under the terms of our user agreement. Some clients opt to classify freelancers as employees for certain assignments, while many freelancers are classified as independent contractors.

We offer an optional service to our Upwork Enterprise clients, for which we help classify freelancers as employees of third-party staffing providers or independent contractors. For clients that subscribe to this service, subject to applicable law and the terms of the client's agreement, we indemnify clients from misclassification risk and make warranties to the client (e.g., as to compliance with applicable laws). In addition, we offer a number of other premium services where we provide increased assistance to enable users to find each other. Third-party staffing providers employ freelancers classified as employees for clients, and failure of these staffing providers to comply with all legal and tax requirements could adversely affect our business. We also use our platform to find, classify, and engage freelancers to provide services for us or for our managed services offering. In general, were a court or administrative agency to determine that we or clients that use our platform have misclassified a service provider as an independent contractor, we and/or our users could incur tax and other liabilities for failing to properly withhold or pay taxes on the service providers' compensation as well as potential wage and hour and other liabilities depending on the circumstances and jurisdiction. Although we maintain insurance policies covering liability for certain claims, we cannot be certain that our coverage will extend to or be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all.

There is often uncertainty in the application of worker classification laws, and consequently there is risk to us and to users, both freelancers and clients, that independent contractors could be deemed to be misclassified under applicable law. The tests governing whether a service provider is an independent contractor or an employee are typically highly fact sensitive and vary by governing law. Laws and regulations that govern the status and misclassification of independent contractors are also subject to change as well as to divergent interpretations by various authorities, which can create uncertainty and unpredictability. A misclassification determination or allegation creates potential exposure for users and for us, including but not limited to monetary exposure arising from or relating to failure to withhold and remit taxes, unpaid wages, and wage and hour laws and requirements (such as those pertaining to minimum wage and overtime); claims for employee benefits, social security, workers' compensation and unemployment; claims of discrimination, harassment, and retaliation under civil rights laws; claims under laws pertaining to unionizing, collective bargaining, and other concerted activity; and other claims, charges, or other proceedings under laws and regulations applicable to employers and employees, including risks relating to allegations of joint employer liability. Such claims could result in monetary damages (including but not limited to wage-based damages or restitution, compensatory damages, liquidated damages, and punitive damages), interest, fines, penalties, costs, fees (including but not limited to attorneys' fees), criminal and other liability, assessment, or settlement. Such an allegation, claim, adverse determination, including but not limited to with respect to the freelancers that provide services to us, or the requirement for us to indemnify a client, could also harm our brand and reputation, which could adversely impact our business. While these risks are mitigated, in part, by our contractual rights of indemnification against third-party claims, such indemnification agreements could be determined to be unenforceable, could be costly to enforce or ineffective, or indemnification may otherwise prove inadequate.

Because a substantial portion of the services offered on our platform is information technology services, a decline in the market for information technology service providers could adversely affect our business.

A significant portion of the services offered by freelancers on our platform relate to information technology. If, for any reason, the market for information technology services declines, including as a result of global economic conditions, automation, increased use of artificial intelligence, or otherwise, or if need for these services slows or businesses satisfy their needs for these services through alternative means, the growth in the number of users of our platform may slow or decline and as a result our revenue and business may be adversely impacted.

Future changes to our pricing model could adversely affect our business.

We implemented a significant change to our pricing model in 2016, and we may from time to time decide to make further changes to our pricing model due to a variety of reasons, including changes to the market for our products and services, and as competitors introduce new products and services. Changes to any components of our pricing model may, among other things, result in user dissatisfaction and could lead to a loss of users on our platform and could negatively impact our operating results, financial condition, and cash flows.

Adverse or changing economic conditions may negatively impact our business.

Our business depends on the overall demand for labor and on the economic health of current and prospective clients that use our platform. Any significant weakening of the economy in the United States or Europe or of the global economy, more limited availability of credit, a reduction in business confidence and activity, decreased government spending, economic uncertainty, financial turmoil affecting the banking system or financial markets, a more limited market for independent professional service providers or information technology services, and other adverse economic or market conditions may adversely impact our business and operating results. Global economic and political events or uncertainty may cause some of our current or potential clients to curtail spending on our platform, and may ultimately result in new regulatory and cost challenges to our operations. These adverse conditions could result in reductions in revenue, longer sales cycles, slower adoption of new technologies, and increased competition. There is also risk that when overall global economic conditions are positive, our business could be negatively impacted by a decreased demand for freelancers. We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally. If the conditions in the general economy significantly deviate from present levels, our business, financial condition, and operating results could be adversely affected.

Users may circumvent our platform, which could adversely impact our business.

Our business depends on users transacting through our platform. Despite our efforts to prevent them from doing so, users may circumvent our platform and engage with or pay each other through other means to avoid the fees that we charge on our platform. The loss of revenue associated with circumvention of our platform could have an adverse impact on our business, cash flows, operating results, and financial condition.

We face payment and fraud risks that could adversely impact our business.

Requirements on our platform relating to user authentication and fraud detection are complex. If our security measures do not succeed, our business may be adversely impacted. In addition, bad actors around the world use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized use of another's identity or payment information, unauthorized acquisition or use of credit or debit card details and bank account information, and other fraudulent use of another's identity or information. This could result in any of the following, each of which could adversely impact our business:

- we may be, and we historically have been, held liable for the unauthorized use of an account holder's credit card or bank account number and required by card issuers or banks to pay a chargeback or return fee, and if our chargeback or return rate becomes excessive, credit card networks may also require us to pay fines or other fees and the California Department of Business Oversight, or the DBO, may require us to hold larger cash reserves;
- we may be subject to additional risk and liability exposure, including negligence, fraud, or other claims, if employees or third-party service providers, including freelancers that provide services to us, misappropriate user information for their own gain or facilitate the fraudulent use of such information;
- bad actors may use our platform, including our payment processing and disbursement methods, to engage in unlawful or fraudulent conduct, such as money laundering, terrorist financing, fraudulent sale of services, breaches of security, leakage of data, piracy or misuse of software and other copyrighted or trademarked content, and other misconduct;

- users of our website who are subjected or exposed to the unlawful or improper conduct of other users or other third parties, including law enforcement, may seek to hold us responsible for the conduct of other users and may lose confidence in our platform, decrease or cease to use our platform, seek to obtain damages and costs, or impose fines and penalties;
- we may be subject to additional risk if clients fail to pay freelancers for services rendered, as freelancers may seek to hold us responsible for the clients' conduct and may lose confidence in our platform, may decrease or cease use of our platform, or seek to obtain damages and costs;
- if, for example, freelancers misstate their qualifications or location, provide misinformation, perform services they are not qualified or authorized to provide, produce insufficient or defective work product, or work product with a viral or other harmful effect, clients or other third parties may seek to hold us responsible for the freelancers' acts or omissions and may lose confidence in our platform, decrease or cease use of our platform, or seek to obtain damages and costs; and
- we may suffer reputational damage as a result of the occurrence of any of the above.

Despite measures we have taken to detect and reduce the risk of this kind of conduct, we do not have control over users of our platform and cannot ensure that any of our measures will stop illegal or improper uses of our platform. We also have received in the past, and may receive in the future, complaints from clients and other third parties concerning misuse of our platform. We have also brought claims against clients and other third parties for their misuse of our platform, and may be required to bring similar claims in the future. Even if these claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

We may be subject to escrow, payment services, and money transmitter regulations that may adversely affect our business.

Our subsidiary, Upwork Escrow Inc., is licensed as an internet escrow agent under California's Escrow Law and is subject to regulations applicable to internet escrow agents promulgated by the DBO. As of June 30, 2018, there have been two instances in which we have received inquiries from regulatory authorities inquiring whether we are engaging in payment activities through Upwork Escrow or oDesk, which is now Upwork Global Inc., that require a license in the applicable jurisdiction. In April 2013, we received an inquiry from the Washington Department of Financial Institutions, which was resolved in our favor in December 2013. In July 2013, oDesk received an inquiry from the DBO, which was favorably resolved in connection with the combination of Elance and oDesk in 2014.

Although we believe that our operations comply with existing U.S. federal and state, and international laws and regulatory requirements related to escrow, money transmission, and the handling or moving of money, the laws or regulations may change, and interpretations of existing laws and regulations may also change. As a result, Upwork Escrow or Upwork Global could be required to be licensed as an escrow agent or a money transmitter (or other similar licensee) in U.S. states or other jurisdictions or may choose to obtain such a license even if not required. Such a decision could also require Upwork Escrow or Upwork Global to register as a money services business under federal laws and regulations. It is also possible that Upwork Escrow or Upwork Global could become subject to regulatory enforcement or other proceedings in those states or other jurisdictions with escrow, money transmission, or other similar statutes or regulatory requirements related to the handling or moving of money, which could in turn have a significant impact on our business, even if we were to ultimately prevail in such proceedings. Upwork Escrow or Upwork Global may also be required to become licensed as a payment institution (or other similar license) under the European Payment Services Directive or other international laws and regulations. Any developments in the laws or regulations related to escrow, money transmission, or the handling or moving of money, or increased scrutiny of our business may lead to additional compliance costs and administrative overhead.

The application of laws and regulations related to escrow, money transmission, and the handling or moving of money is subject to significant complexity and uncertainty, particularly as they relate to new and evolving

business models. If Upwork Escrow or Upwork Global is ultimately deemed to be in violation of one or more escrow or money transmitter or other similar statutes or regulatory requirements related to the handling or moving of money in any U.S. state or other jurisdiction, we may be subject to the imposition of fines, our ability to offer some or all of our services in the relevant jurisdiction may be suspended, and we may be subject to civil liability or criminal liability and our business, operating results, and financial condition could be adversely affected.

Having an international community of users and engaging freelancers internationally exposes us to risks that could have an adverse effect on our business, operating results, and financial condition.

Even though we currently have a limited physical presence outside of the United States, our users have a global footprint that subjects us to the risks of being found to do business internationally. We have users on our platform located in over 180 countries, including some emerging markets where we have limited experience, where challenges can be significantly different from those we have faced in more developed markets, and where business practices may create greater internal control risks. Further, certain skills and services are offered by freelancers concentrated in countries with higher risks of instability and geopolitical uncertainty, like Russia and Ukraine. In addition, we engage freelancers located in many countries to provide services for our managed services offering and to us for internal projects. Because our website is generally accessible by users worldwide, one or more jurisdictions may claim that we or our users are required to comply with their laws. Laws outside of the United States regulating internet, payments, escrow, privacy, taxation, terms of service, website accessibility, consumer protection, intellectual property ownership, services intermediaries, labor and employment, wage and hour, worker classification, background checks, and recruiting and staffing companies, among others, which could be interpreted to apply to us, are often less favorable to us than those in the United States, giving greater rights to competitors, users, and other third parties. Compliance with international laws and regulations may be more costly than expected, may require us to change our business practices or restrict our service offerings, and the imposition of any such laws or regulations on us, our users, or third parties that we or our users utilize to provide or use our services, may adversely impact our revenue and business. In addition, we may be subject to multiple overlapping legal or regulatory regimes that impose conflicting requirements and enhanced legal risks.

Risks inherent in conducting business with an international user base and engaging freelancers globally include, but are not limited to:

- being deemed to conduct business or have operations in the jurisdictions where we have users and being subject to their laws and regulatory requirements;
- new or changed regulatory requirements;
- varying worker classification standards and regulations;
- organizing or similar activity by local unions, works councils, or similar labor organizations;
- tariffs, export and import restrictions, restrictions on foreign investments, sanctions, and other trade barriers or protection measures;
- costs of localizing services, including adding the ability for clients to pay in local currencies;
- lack of acceptance of localized services;
- difficulties in and costs of staffing, managing, and operating international operations or support functions;
- tax issues;
- weaker intellectual property protection;
- economic weakness or currency related challenges or crises;
- the burden of complying with a wide variety of laws that may be deemed to apply to us, including those relating to labor and employment matters (including but not limited to requirements with respect to works councils or similar labor organizations), consumer and data protection, privacy, network security, encryption, data residency, and taxes, as well as securing expertise in local law and related practices;

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- our ability to adapt to sales practices and client requirements in different cultures;
- fluctuations in foreign currency exchange rates;
- compliance with U.S. and foreign laws designed to combat money laundering and the financing of terrorist activities;
- corporate or state-sponsored espionage or cyberterrorism;
- macroeconomic conditions in certain foreign jurisdictions; and
- political instability and security risks in countries where we have users.

The risks described above may also make it difficult for us to expand our operations internationally. Analysis of, and compliance with, global laws and regulations may substantially increase our cost of doing business. We may be unable to keep current with changes in laws and regulations as they develop. Although we have implemented policies and procedures designed to analyze whether these laws apply and, if applicable, support compliance with these laws and regulations, there can be no assurance that we will always maintain compliance or that all of our employees, contractors, partners, users, and agents will comply. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, interest, costs and fees (including but not limited to legal fees), injunctions, loss of intellectual property rights, or reputational harm. If we are unable to comply with these laws and regulations or manage the complexity of global operations and supporting an international user base successfully, our business, operating results, and financial condition could be adversely affected.

If we are unable to maintain our payment partners and bank relationships, or if our disbursement partners encounter business difficulties, our business could be adversely affected.

Our payment partners consist of payment processors and disbursement partners. We rely on banks and card processors to provide clearing, processing, and settlement functions for the funding of all transactions on our platform. We also rely on a network of disbursement partners to disburse funds to users.

Our payment partners are critical to our business. In order to maintain these relationships, we have in the past been, and may in the future be, forced to agree to terms that are unfavorable to us. If we are unable to maintain our agreements with current payment partners on favorable terms, or we are unable to enter into new agreements with new payment partners, our ability to disburse transactions and our revenue and business may be adversely affected. This could occur for a number of reasons, including the following:

- our payment partners may be unable to effectively accommodate changing service needs, such as those which could result from rapid growth or higher volume;
- our payment partners could choose to terminate or not renew their agreements with us, or only be willing to renew on different or less advantageous terms;
- our payment partners could reduce the services provided to us, cease doing business with us, or cease doing business altogether;
- our payment partners could be subject to delays, limitations, or closures of their own businesses, networks, or systems, causing them to be unable to process payments or disburse funds for certain periods of time; or
- we may be forced to cease doing business with payment processors if card association operating rules, certification requirements and laws, regulations, or rules governing electronic funds transfers to which we are subject change or are interpreted to make it difficult or impossible for us to comply.

We have experienced growth in recent periods and expect to continue to invest in our growth for the foreseeable future. If we are unable to manage our growth effectively, our revenue and profits could be adversely affected.

We have experienced growth in a relatively short period of time. For example, our total revenue grew from \$164.4 million in 2016 to \$202.6 million in 2017. In the six months ended June 30, 2018, our total revenue was

\$121.9 million, representing a period-over-period growth rate of 28% over the same period in 2017. We plan to continue to expand our operations and personnel significantly. Sustaining our growth will place significant demands on our management as well as on our administrative, operational, and financial resources. To manage our growth, we must continue to improve our operational, financial, and management information systems; expand, motivate, and effectively manage our workforce; and effectively collaborate with our third-party partners. If we are unable to manage our growth successfully without compromising our quality of service or our profit margins, or if new systems that we implement to assist in managing our growth do not produce the expected benefits, our business, operating results, financial condition, and ability to successfully market our platform and serve our users could be adversely affected.

Our recent and historical growth should not be considered indicative of our future performance. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our financial condition and operating results could differ materially from our expectations, our growth rates may slow, and our business would be adversely impacted.

Our sales efforts are increasingly targeted at large enterprise clients, and as a result we may encounter greater pricing, implementation, and customization challenges, and we may have to delay revenue recognition for more complicated transactions, all of which could adversely impact our business and operating results.

Our sales efforts are increasingly targeted at large enterprise clients, and as a result, we face greater costs, longer sales cycles, and less predictability in completing some of our sales and in increasing spend by existing clients. For larger clients, use of our platform may require approvals by multiple departments and executive-level personnel and require us to provide greater levels of services and client education regarding the uses, benefits, security, privacy, worker classification, payments, and compliance services offered on our platform. Larger enterprises typically have longer decision-making and implementation cycles and may demand more customization, higher levels of support, a broader range of services, and greater payment flexibility. In addition, larger enterprises may require greater functionality and scalability and acceptance provisions that can lead to a delay in revenue recognition. We are often required to spend time and resources to better familiarize potential enterprise clients with the value propositions of our platform generally. Despite our efforts in familiarizing potential enterprise clients with the benefits of our platform, some potential enterprise clients may decide not to use our platform if, among other reasons, they do not feel that their procurement or compliance needs are met. It is more difficult to find sales personnel with the specific skills and technical knowledge needed to sell our Upwork Enterprise offering and other premium offerings. Even if we are able to hire qualified personnel, doing so may be costly. As a result of these factors, sales opportunities with large enterprises may require us to devote greater sales and administrative support and professional services resources to individual clients, which could increase our costs, lengthen our sales cycle, and divert our own sales and professional services resources to a smaller number of larger clients. We may spend substantial time, effort, and money in our sales efforts without being successful in producing sales or growing client spend.

Even if we reach agreement with an enterprise client to use our platform, a significant portion of the fees we typically receive from enterprise clients is contingent on the level of spend by the client. If an enterprise client does not engage freelancers on our platform or uses freelancers for projects of nominal value, our revenue from the relationship may be minimal.

We also have in the past agreed, and may in the future agree, to take on additional risk for worker classification, privacy, security, work product, payments, or other services for larger clients, or to other terms that are unfavorable to us in order to secure a client's business or increase their spend. All these factors can add further risk to business conducted with these clients even after a successful sale.

Our revenue growth and ability to achieve and sustain profitability will depend in part on being able to expand our sales force and increase the productivity of our sales force.

We have only recently begun generating revenue from our Upwork Enterprise offering and other premium offerings. In order to increase our revenue from these offerings and achieve and sustain profitability, we must increase the size of our sales force and generate additional revenue from new and existing users.

There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, and retaining sufficient numbers of sales and sales support personnel to support our growth. New sales personnel require significant training and can take a number of months to achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect and if our new sales personnel do not become fully productive on the timelines that we have projected, or at all, our revenue will not increase at anticipated rates, or at all, and our ability to achieve long-term projections may be negatively impacted. We may also be unable to hire or retain a sufficient number of qualified sales personnel. Furthermore, hiring sales personnel in new markets requires additional costs that we may not recover if the sales personnel fail to achieve full productivity. If we are unable to hire and train a sufficient number of effective sales personnel, or if our sales personnel are not successful in obtaining new business or increasing sales to our existing user base, our business will be adversely affected.

Our user growth and engagement on mobile devices depend upon effective operation with mobile operating systems, networks, and standards that we do not control.

Mobile devices are increasingly used for marketplace transactions. A significant and growing portion of our users access our platform through mobile devices. There is no guarantee that popular mobile devices will continue to support our platform, that the use of mobile devices for marketplace transactions will be available on commercially reasonable terms, or that mobile device users will use our platform rather than competing products. We are dependent on the interoperability of our platform with popular mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems that degrade the functionality of our website or applications or give preferential treatment to competitors could adversely affect our platform's usage on mobile devices. Additionally, in order to deliver high-quality mobile products, it is important that our products are designed effectively and work well with a range of mobile technologies, systems, networks, and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing products that operate effectively with these technologies, systems, networks, or standards. In the event that it is more difficult for our users to access and use our platform on their mobile devices or users find our mobile offering does not effectively meet their needs, our competitors develop products and services that are perceived to operate more effectively on mobile devices, or if our users choose not to access or use our platform on their mobile devices or use mobile products that do not offer access to our platform, our user growth and user engagement could be adversely impacted.

If internet search engines' methodologies or other channels that we utilize to direct traffic to our website are modified, or our search result page rankings decline for other reasons, our user growth could decline.

We depend in part on various internet search engines, such as Google and Bing, as well as other channels to direct a significant amount of traffic to our website. Our ability to maintain the number of visitors directed to our website is not entirely within our control. For example, our competitors' search engine optimization and other efforts may result in their websites receiving a higher search result page ranking than ours, internet search engines or other channels that we utilize to direct traffic to our website could revise their methodologies in a manner that adversely impacts traffic to our website, or we may make changes to our website that adversely impact our search engine optimization rankings and traffic. As a result, links to our website may not be prominent enough to drive sufficient traffic to our website, and we may not be able to influence the results.

We may experience a decline in traffic to our website if third-party browser technologies are changed, or search engine or other channels that we utilize to direct traffic to our website change their methodologies or

rules, to our disadvantage. We expect the search engines and other channels that we utilize to drive users to our website to continue to periodically change their algorithms, policies, and technologies. These changes may result in an interruption in users' ability to access our website or impair our ability to maintain and grow the number of users who visit our website. We may also be forced to significantly increase marketing expenditures in the event that market prices for online advertising and paid listings escalate or our organic ranking decreases. Any of these changes could have an adverse impact on our business and operating results.

If we or our third-party partners experience a security breach and unauthorized parties obtain access to our users' data, our data, or our platform, networks, or other systems, our platform may be perceived as not being secure, our reputation may be harmed, demand for our platform may be reduced, our operations may be disrupted, we may incur significant legal liabilities, and our business could be adversely affected.

Our business involves the storage, processing, and transmission of users' proprietary, confidential, and personal information as well as the use of third-party partners who store, process, and transmit users' proprietary, confidential, and personal information. We also maintain certain other proprietary and confidential information relating to our business and personal information of our personnel. Any security breach or incident that we experience could result in unauthorized access to, misuse of, or unauthorized acquisition of our or our users' data, the loss, corruption, or alteration of this data, interruptions in our operations, or damage to our computers or systems or those of our users. Any of these could expose us to claims, litigation, fines, and potential liability. An increasing number of online services have disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their services. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we and our third-party partners may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our or our third-party partners' security occurs, public perception of the effectiveness of our security measures and brand could be harmed, and we could lose users. Data security breaches and other data security incidents may also result from non-technical means, for example, actions by employees or contractors, such as freelancers that we engage on our platform to perform services for us. Any compromise of our or our third-party partners' security could result in a violation of applicable privacy and other laws, regulatory or other governmental investigations, enforcement actions, and legal and financial exposure, including potential contractual liability that is not always limited to the amounts covered by our insurance. Any such compromise could also result in damage to our reputation and a loss of confidence in our security measures. Any of these effects could adversely impact our business.

Our and our third-party partners' systems may be vulnerable to computer viruses and other malicious software, physical or electronic break-ins, or weakness resulting from intentional or unintentional service provider actions, and similar disruptions that could make all or portions of our website or applications unavailable for periods of time. We may need to expend significant resources to protect against, and to address issues created by, security breaches and other incidents. Security breaches and other security incidents, including any breaches of our security measures or those of parties with which we have commercial relationships (e.g., freelancers or other third-party service providers who provide development or other services to us) that result in the unauthorized access of users' confidential, proprietary or personal information, or the belief that any of these have occurred, could damage our reputation and expose us to a risk of loss or litigation and possible liability. Significant unavailability of our platform due to attacks could cause users to cease using our platform and adversely affect our business. Although we maintain cyber liability insurance, we cannot be certain our coverage will be adequate for liabilities actually incurred or will continue to be available to us on reasonable terms, or at all.

We rely on Amazon Web Services to deliver our platform to our users, and any disruption of service from Amazon Web Services or material change to our arrangement with Amazon Web Services could adversely affect our business.

We currently host our platform, serve our users, and support our operations using Amazon Web Services, or AWS, a provider of cloud infrastructure services. We do not have control over the operations of the facilities of

AWS that we use. AWS' facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, cyber security attacks, terrorist attacks, power losses, telecommunications failures, and similar events. The occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems could result in lengthy interruptions to our platform. The facilities also could be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism, and other misconduct. Our platform's continuing and uninterrupted performance is critical to our success. Users may become dissatisfied by any system failure that interrupts our ability to provide our platform to them. We may not be able to easily switch our AWS operations to another cloud or other data center provider if there are disruptions or interference with our use of AWS, and, even if we do switch our operations, other cloud and data center providers are subject to the same risks. Sustained or repeated system failures would reduce the attractiveness of our platform to users, thereby reducing revenue. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact use of our platform. We may not carry sufficient business interruption insurance to compensate us for losses that may occur as a result of any events that cause interruptions in our service.

AWS does not have an obligation to renew its agreements with us on commercially reasonable terms, or at all. If we are unable to renew our agreements on commercially reasonable terms, our agreements are prematurely terminated, or we add additional infrastructure providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new data center providers. If these providers increase the cost of their services, we may have to increase the fees to use our platform, and our operating results may be adversely impacted.

In addition, customers of AWS have been subject to litigation by third parties claiming that AWS infringes its patents. Although we expect Amazon to indemnify us with respect to any such claims, if we were to become subject to such litigation, it may be time consuming, divert management's attention, and, if Amazon failed to indemnify us, it may adversely impact our operating results.

Failure to comply with anti-corruption, anti-money laundering, and sanctions laws, including the FCPA and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.

We have voluntarily implemented an anti-money laundering program designed to address the risk of our platform being used to facilitate money laundering, terrorist financing, and other illicit activity. We also have policies and procedures designed to comply with U.S. economic sanctions laws and prevent our platform from being used to facilitate business in countries, or with persons or entities, included on designated lists promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Control and equivalent foreign authorities. Although we have a program that we believe is reasonably designed to allow us to comply with applicable laws, rules, and regulations, we may still be subject to fines or other penalties in one or more jurisdictions levied by federal or state or local regulators, including state attorneys general, as well as those levied by foreign regulators in the event that we engage in any conduct, intentionally or not, that facilitates money laundering, terrorist financing, or other illicit activity, or that violates sanctions or otherwise constitutes sanctionable activity. In addition to fines, penalties for failing to comply with applicable rules and regulations could include criminal and civil lawsuits, forfeiture of significant assets, or other enforcement actions. We could also be required to make changes to our business practices or compliance programs as a result of regulatory scrutiny. In addition, any perceived or actual breach of compliance by us with respect to applicable laws, rules, and regulations could have a significant impact on our reputation and could cause us to lose existing users, prevent us from obtaining new users, require us to expend significant funds to remedy problems caused by violations and to avert further violations, and expose us to legal risk and potential liability.

We are subject to the United States Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the United Kingdom Bribery Act 2010, U.S. and foreign laws relating to economic sanctions, including the laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (including the Crimea and Ukraine and Russia-related sanctions), and may be subject to other anti-bribery, anti-money laundering, and sanctions laws in countries in which we conduct activities or have users. We face significant risks if we fail to comply with the

FCPA and other anti-corruption laws that prohibit companies and their agents and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. We may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities, and we may be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We intend to implement an anti-corruption compliance policy prior to this offering, and we cannot ensure that all of our employees, users, and agents, as well as those contractors to which we outsource certain of our business operations, will not take actions in violation of our policies or agreements and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, other applicable anti-corruption laws, and other applicable laws could result in investigations and actions by federal or state attorneys general or foreign regulators, loss of export privileges, severe criminal or civil fines and penalties or other sanctions, forfeiture of significant assets, whistleblower complaints, and adverse media coverage, which could have an adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

Errors, defects, or disruptions in our platform could diminish demand, adversely impact our financial results, and subject us to liability.

Our users utilize our platform for important aspects of their businesses, and any errors, defects, or disruptions in our platform, or other performance problems with our platform could harm our brand and reputation and may damage the businesses of users. We are also reliant on third-party software and infrastructure, including the infrastructure of the internet, to provide our platform. Any failure of or disruption to this software and infrastructure could also make our platform unavailable to our users. Our platform is constantly changing with new updates, which may contain undetected errors when first introduced or released. Any errors, defects, disruptions in service, or other performance or stability problems with our platform could result in negative publicity, loss of or delay in market acceptance of our platform, loss of competitive position, our inability to timely and accurately maintain our financial records, inaccurate or delayed invoicing of clients, delay of payment to us or freelancers, or claims by users 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 resolve the issue. Accordingly, any errors, defects, or disruptions in our platform could adversely impact our brand and reputation, revenue, and operating results.

Changes in laws or regulations relating to privacy or the protection or transfer of personal data, or any actual or perceived failure by us to comply with such laws and regulations or our privacy policies, could adversely affect our business.

We receive, collect, store, process, transfer, and use personal information and other user data. There are numerous federal, state, local, and international laws and regulations regarding privacy, data protection, information security, and the collection, storing, sharing, use, processing, transfer, disclosure, and protection of personal information and other content, the scope of which are changing, subject to differing interpretations, and may be inconsistent among countries, or conflict with other laws and regulations. We are also subject to the terms of our privacy policies and obligations to third parties related to privacy, data protection, and information security. We strive to comply with applicable laws, regulations, policies, and other legal obligations relating to privacy, data protection, and information security to the extent possible. However, the regulatory framework for privacy and data protection worldwide is, and is likely to remain for the foreseeable future, uncertain and complex, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that we do not anticipate or that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Further, any significant change to applicable laws, regulations, or industry practices

regarding the collection, use, retention, security, or disclosure of our users' data, or their interpretation, or any changes regarding the manner in which the express or implied consent of users for the collection, use, retention, or disclosure of such data must be obtained, could increase our costs and require us to modify our services and features, possibly in a material manner, which we may be unable to complete, and may limit our ability to store and process user data or develop new services and features.

We also expect that there will continue to be new laws, regulations, and industry standards concerning privacy, data protection, and information security proposed and enacted in various jurisdictions. For example, European legislators adopted the General Data Protection Regulation, or GDPR, which became effective in May 2018, superseded existing European Union data protection legislation, imposes more stringent European Union data protection requirements, and provides for significant penalties for noncompliance. The GDPR created new compliance obligations applicable to our business and users, which could cause us to change our business practices, and increases financial penalties for noncompliance (including possible fines of up to 4% of global annual turnover for the preceding financial year or €20 million (whichever is higher) for the most serious violations). Additionally, in June 2018, California passed the California Consumer Privacy Act, or CCPA, which provides new data privacy rights for consumers and new operational requirements for companies, effective in 2020. Fines for noncompliance may be up to \$7,500 per violation. The costs of compliance with, and other burdens imposed by, the GDPR and CCPA may limit the use and adoption of our products and services and could have an adverse impact on our business. As a result, we may need to modify the way we treat such information. Further, the United Kingdom initiating a process to leave the European Union has created uncertainty with regard to the regulation of data protection in the United Kingdom. In particular, although the United Kingdom has proposed a Data Protection Bill that would be substantially consistent with the GDPR, this bill remains in the legislative process in the United Kingdom and it remains unclear whether it will be enacted or what it will provide for if enacted.

Any failure or perceived failure by us to comply with our posted privacy policies, our privacy-related obligations to users or other third parties, or any other legal obligations or regulatory requirements relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our users to lose trust in us, and otherwise have an adverse effect on our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our users may limit the adoption and use of, and reduce the overall demand for, our platform.

Additionally, if third parties we work with violate applicable laws, regulations, or agreements, such violations may put our users' data at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our users to lose trust in us, and otherwise have an adverse effect on our reputation and business. Further, public scrutiny of or complaints about technology companies or their data handling or data protection practices, even if unrelated to our business, industry, or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

The applicability of sales, use, and other tax laws or regulations on our business is uncertain. Adverse tax laws or regulations could be enacted or existing laws could be interpreted as applying or otherwise applied to us or users of our platform, which could subject us to additional tax liability and related interest and penalties, and adversely impact our business.

The application of federal, state, local, and international tax laws to services provided over the internet is evolving. Many of the fundamental statutes and regulations that impose these taxes were established before the adoption and growth of the internet and ecommerce. In addition, governments are increasingly looking for ways to increase revenue, which has resulted in discussions about tax reform and other legislative action to increase tax revenue, including through indirect taxes. New income, sales, use, value-added, or other tax laws, statutes, rules, regulations, or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet or could otherwise affect our financial position and operating

results. Many countries in the European Union, as well as a number of other countries and organizations, such as the Organization for Economic Cooperation and Development, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could impact our tax obligations. In addition, tax reform legislation commonly referred to as the Tax Cuts and Jobs Act, or the Tax Act, was enacted in the United States in December 2017. We continue to review the impact of these tax reforms on our business. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain.

We may also be subject to non-income taxes, such as payroll, sales, use, value-added, and goods and services taxes in the United States and various foreign jurisdictions. In certain jurisdictions, we collect and remit indirect taxes on our fees. However, tax authorities may raise questions about, challenge or disagree with our calculation, reporting, or collection of taxes and may require us to remit additional taxes and interest, and could impose associated penalties and fees. Should any new taxes become applicable, or if the taxes we pay are found to be deficient, our business could be adversely impacted. We have in the past been, and may in the future be, audited by tax authorities with respect to non-income taxes, and we may have exposure to additional non-income tax liabilities, which could have an adverse effect on our operating results and financial condition. In addition, our future effective tax rates could be favorably or unfavorably affected by changes in tax rates, changes in the valuation of our deferred tax assets or liabilities, the effectiveness of our tax planning strategies, or changes in tax laws or their interpretation. Such changes could have an adverse impact on our financial condition.

Moreover, state, local, and foreign tax jurisdictions have differing rules and regulations governing sales, use, value-added, and other taxes, and these rules and regulations can be complex and are subject to varying interpretations and enforcement positions that may change over time. Existing tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us (possibly with retroactive effect), which could require us or our users to pay additional tax amounts on prior sales and going forward, as well as require us or our users to pay fines, penalties, and interest for past amounts. Although our terms of service require our users to pay all applicable sales and other taxes and to indemnify us for any requirement that we pay any withholding amount to the appropriate authorities, our users may be reluctant to pay back taxes and associated interest or penalties and may fail to indemnify us, we may determine that it would not be commercially feasible or cost-effective to seek reimbursement, or the indemnification obligation may be deemed unenforceable. If we are required to collect and pay back taxes and associated interest and penalties, or we are unsuccessful in collecting such amounts from our users, we could incur potentially substantial unplanned expenses, thereby adversely impacting our operating results and cash flows.

As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may adversely impact our operating results in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

Failure to protect our intellectual property could adversely affect our business.

Our success depends in large part on our proprietary technology and data. We rely on various intellectual property rights, including patents, copyrights, trademarks, and trade secrets, as well as confidentiality provisions and contractual arrangements, to protect our proprietary rights. If we do not protect and enforce our intellectual property rights successfully, our competitive position may suffer, which could adversely impact our operating results.

Our pending patent or trademark applications may not be approved, or competitors or others may challenge the validity, enforceability, or scope of our patents, the registrability of our trademarks, or the trade secret status of our proprietary information. There can be no assurance that additional patents will be issued or that any patents that are issued will provide significant protection for our intellectual property. In addition, our patents, copyrights, trademarks, trade secrets, and other intellectual property rights may not provide us a significant competitive advantage. There is no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file patents and when and how to maintain and protect trade secrets, will be adequate to protect our business.

Moreover, recent amendments to, developing jurisprudence regarding, and possible changes to intellectual property laws and regulations, including U.S. and foreign patent law, may affect our ability to protect and enforce

our intellectual property rights. In addition, the laws of some countries do not provide the same level of protection for our intellectual property as do the laws of the United States. As our global reputation grows and/or we expand our international activities, our exposure to unauthorized copying and use of our platform and proprietary information will likely increase. Despite our precautions, our intellectual property is vulnerable to unauthorized access through employee or third-party error or actions, theft, cyber security incidents, and other security breaches and incidents. It is possible for third parties to infringe upon or misappropriate our intellectual property, to copy our platform, and to use information that we regard as proprietary to create products and services that compete with ours. Effective intellectual property protection may not be available to us in every country in which our platform is available. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Further, certain countries impose additional conditions on the transfer of intellectual property rights from individuals to companies, which may make it more difficult for us to secure and maintain intellectual property protection in those countries. We may need to expend additional resources to defend our intellectual property rights domestically or internationally, which could be costly, time consuming, and distracting to management and could impair our business or adversely affect our domestic or international expansion. Moreover, we may not pursue or file patent applications or apply for registration of copyrights or trademarks in the United States and foreign jurisdictions in which we have a presence with respect to our potentially patentable inventions, works of authorship, and marks and logos for a variety of reasons, including the cost of procuring such rights and the uncertainty involved in obtaining adequate protection from such applications and registrations. If we cannot adequately protect and defend our intellectual property, we may not remain competitive, and our business, operating results, and financial condition may be adversely affected.

We enter into confidentiality and invention assignment or intellectual property ownership agreements with our employees and contractors and enter into confidentiality agreements with other parties. In addition, for employees of third-party staffing providers or other contractors, the employer enters into these agreements with individual workers. We cannot ensure that these agreements, or all the terms thereof, will be enforceable or compliant with applicable law, or otherwise effective in controlling access to, use of, and distribution of our proprietary information or in effectively securing exclusive ownership of intellectual property developed by our current or former employees and contractors. For example, when working with contractors, particularly those who are off-site, it may be more difficult to control use of confidential materials, increasing the risk that our source code or other confidential or trade secret information may be exposed. Further, these agreements with our employees, contractors and other parties may not prevent other parties from independently developing technologies that are substantially equivalent or superior to our platform.

We may need to spend significant resources securing and monitoring our intellectual property rights, and we may or may not be able to detect infringement by third parties. Our competitive position may be adversely impacted if we cannot detect infringement or enforce our intellectual property rights quickly or at all. In some circumstances, we may choose not to pursue enforcement because an infringer has a dominant intellectual property position or for other business reasons. In addition, competitors might avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. We have in the past been forced to rely on litigation, opposition, and cancellation actions, and other claims and enforcement actions, to protect our intellectual property, including to dispute registration or use of marks that may be confusingly similar to our own marks. Similar claims and other litigation may be necessary in the future to enforce and protect our intellectual property rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses; counterclaims attacking the scope, validity, and enforceability of our intellectual property rights; or counterclaims and countersuits asserting infringement by us of third-party intellectual property rights. Our failure to secure, protect, and enforce our intellectual property rights could adversely affect our brand and our business, and we could lose the opportunity to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property against others.

We are vulnerable to intellectual property infringement claims and challenges to our intellectual property rights brought against us by third parties.

We operate in a highly competitive industry, and there has been considerable activity in our industry to develop and enforce intellectual property rights. Successful intellectual property infringement claims against us or our users or clients could result in monetary liability or a material disruption in the conduct of our business. We cannot be certain that aspects of our platform, content, and brand names do not or will not infringe valid patents, trademarks, copyrights, or other intellectual property rights held by third parties. We have in the past been, and may in the future be, subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. Our competitors have in the past challenged, and may in the future challenge, our registration or use of our trademarks, including “Upwork,” and, if successful, such a challenge could adversely affect our business. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to cease selling or using products and services that incorporate the intellectual property that we allegedly infringe, make substantial payments for legal fees, settlement payments, or other costs or damages, obtain a license to sell or use the relevant technology, which may not be available on reasonable terms or at all, or redesign the allegedly infringing products and services to avoid infringement, which could be costly, time-consuming, or impossible. Any claims or litigation, regardless of merit, 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 aspects of our platform, or require that we comply with other unfavorable terms. Our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. We may also be obligated to indemnify certain clients on our platform or strategic partners or others in connection with such infringement claims, or to obtain licenses from third parties or modify our platform, and each such obligation could further exhaust our resources. Some of our infringement indemnification obligations related to intellectual property are contractually capped at a very high amount or not capped at all.

Any lawsuits resulting from allegations of intellectual property infringement could subject us to significant legal costs and liability for damages and invalidate our proprietary rights. Any potential future intellectual property disputes or litigation also could force us to do one or more of the following:

- cease conducting certain operations in some or all jurisdictions, or stop using technology that contains the allegedly infringing intellectual property;
- stop using the name “Upwork” or other trademarks in some or all jurisdictions;
- incur significant legal expenses;
- pay substantial damages to the party whose intellectual property rights we may be found to be infringing;
- make expensive changes in our methods of doing business; or
- attempt to obtain a license to the relevant intellectual property from third parties, which may not be available on reasonable terms or at all.

Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results. We expect that the occurrence of infringement claims is likely to grow as the market for freelancers and the clients that engage them grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources.

Our revenue growth depends in part on the success of our strategic relationships with third parties and their continued performance.

To grow our business, we anticipate that we will need to continue to establish and maintain relationships with third parties, such as staffing providers, banks, and payment processing and disbursement providers. For example, we work with third-party staffing providers that support our employment offering for our platform and

premium offerings. As our agreements with third-party partners terminate or expire, we may be unable to renew or replace these agreements on comparable terms, or at all. Moreover, we cannot guarantee that the parties with which we have strategic relationships will continue to devote the resources necessary to expand our reach, increase our distribution or support an increased number of users and associated use cases. Further, some of our strategic partners offer, or could offer, competing products and services or also work with our competitors. As a result of these factors, many of our third-party partners may choose to develop alternative products and services in addition to, or in lieu of, our platform, either on their own or in collaboration with others, including our competitors. If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete or to grow our total revenue could be impaired and our operating results may be adversely impacted. Even if we are successful in establishing and maintaining these relationships with third parties, we cannot ensure that these relationships will result in increased usage of our platform or increased revenue.

Our ability to attract and retain users is dependent in part on ease and reliability of use and the quality of our support, and any failure to offer high-quality support could adversely impact our business, operating results, and financial condition.

Our ability to attract and retain users is dependent in part on the ease and reliability of our platform, including our ability to provide high-quality support. Our users depend on our support organization to resolve any issues relating to our platform. Our ability to provide effective support is largely dependent on our ability to attract, resource, and retain service providers who are not only qualified to support users of our platform, but are also well versed in our platform. As we seek to continue to grow our international user base, our support organization will face additional challenges, including those associated with delivering support and documentation in languages other than English. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support, could harm our reputation, adversely affect our ability to sell our platform to existing and prospective users, and could adversely impact our business, operating results, and financial condition.

Our business model may subject us to disputes between users of our platform.

Our business model involves connecting freelancers and clients that contract directly through our platform. Freelancers and clients are free to negotiate any contract terms they choose, but we also provide optional service contract terms that they can use. It is possible that disputes may arise between freelancers and clients with regard to their contract terms, or otherwise, including with respect to service standards, payment, confidentiality, work product, and intellectual property ownership and infringement. If either party believes the contract terms were not met, our standard terms provide a mechanism for the parties to request assistance from us, and, for some contracts, if that is unsuccessful, they may choose to resolve the dispute with the help of a third-party arbitrator. Whether or not freelancers and clients decide to seek assistance from us, if these disputes are not resolved amicably, the parties might escalate to formal proceedings, such as by filing claims with a court or arbitral authority. Given our role in facilitating and supporting these arrangements, it is possible that claims will be brought against us directly as a result of these disputes, or that freelancers or clients may bring us into any claims filed against each other. We include language in our user agreements disclaiming responsibility or liability for any disputes between users (except with respect to the specified dispute assistance program); however, we cannot guarantee that these terms will, in all circumstances, be effective in preventing or limiting our involvement in user disputes. Even if these claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

Our business depends largely on our ability to attract and retain talented employees, including senior management and key personnel. If we lose the services of Stephane Kasriel, our President and Chief Executive Officer, or other members of our senior management team, we may not be able to execute on our business strategy.

Our future success depends on our continuing ability to attract, train, assimilate, and retain highly-skilled personnel, including software engineers and sales personnel. We face intense competition for qualified

individuals from numerous software and other technology companies. In addition, competition for qualified personnel, particularly software engineers, is particularly intense in the San Francisco Bay Area, where our headquarters are located. We may not be able to retain our current key employees or attract, train, assimilate, or retain other highly-skilled personnel in the future. We may incur significant costs to attract and retain highly-skilled personnel, and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them. To the extent we move into new geographies, we would need to attract and recruit skilled personnel in those areas. If we are unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational, and managerial requirements, on a timely basis or at all, our business may be adversely affected.

Our future success also depends in large part on the continued services of senior management and other key personnel. In particular, we are dependent on the services of Stephane Kasriel, our President and Chief Executive Officer, and our technology, platform, future vision, and strategic direction could be compromised if he were to take another position, become ill or incapacitated, or otherwise become unable to serve as our President and Chief Executive Officer. We rely on our leadership team in the areas of product, engineering, operations, security, marketing, sales, support, and general and administrative functions. Our senior management and other key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason, and without notice. Historically, we have maintained, and currently we maintain, a key-person life insurance policy only on our President and Chief Executive Officer. If we lose the services of senior management or other key personnel, or if we are unable to attract, train, assimilate, and retain the highly-skilled personnel we need, our business, operating results, and financial condition could be adversely affected.

Volatility or lack of appreciation in our stock price may also affect our ability to attract new talent and retain our key employees. Many of our senior personnel and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own, or the shares underlying their vested options, have significantly appreciated in value relative to the original purchase price of the shares or the exercise price of the options, or conversely, if the exercise price of the options that they hold are significantly above the market price of our common stock. If we are unable to retain our employees, or if we need to increase our compensation expenses to retain our employees, our business, operating results, financial condition, and cash flows could be adversely affected.

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, financial condition, and operating results.

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

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of The Nasdaq Global Market, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required,

improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve or otherwise change over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards (or changing interpretations of them), and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected. We also expect that being a public company and the associated rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit, risk, and compliance committee, compensation committee, and nominating and governance committee, and qualified executive officers.

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

In addition, as a result of our disclosure obligations as a public company, we will have reduced flexibility and will be under pressure to focus on short-term results, which may adversely affect our ability to achieve long-term profitability.

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting. We have identified a material weakness in our internal control over financial reporting and if our remediation of this material weakness is not effective, or if we fail to develop and 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 laws and regulations could be impaired.

As a public company, we will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public

accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the Securities and Exchange Commission, or SEC, following the later of the date we are deemed to be an “accelerated filer” or a “large accelerated filer,” each as defined in the Exchange Act, or the date we are no longer an emerging growth company, as defined in the JOBS Act. We could be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management’s assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation. We will be required to disclose changes made in our internal control and procedures on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff.

In connection with the preparation of our consolidated financial statements, we identified a number of adjustments to our consolidated financial statements that resulted in a revision to previously issued financial statements. As a result of these adjustments, for the year ended December 31, 2016, net loss increased by \$0.3 million and cash flows from operations decreased by \$0.3 million. There was no impact to cash flows from investing or financing activities for the year ended December 31, 2016. Moreover, total assets decreased by \$0.5 million and total liabilities increased by \$0.7 million as of December 31, 2016. These adjustments were related to complexities involving the accounting for financial instruments and treasury activities. We identified the cause of these adjustments was due to growth in the business, which required additional qualified accounting personnel with an appropriate level of experience, and additional controls in the period-end financial reporting process commensurate with the complexity of the business. Accordingly, we have determined that this control deficiency constituted a material weakness in our internal control over financial reporting. A material weakness is a deficiency or combination of deficiencies in our internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements would not be prevented or detected on a timely basis. This deficiency could result in additional misstatements to our consolidated financial statements that would be material and would not be prevented or detected on a timely basis.

We have begun evaluating and implementing additional procedures in order to remediate this material weakness, however, we cannot assure you that these or other measures will fully remediate the material weakness in a timely manner. At the beginning of 2016, we had 15 accounting and finance employees. As part of our remediation plan to address the material weakness identified above, we hired a new Chief Financial Officer in October 2017 and subsequently hired additional accounting and finance employees with the specific technical accounting and financial reporting experience necessary for a public company, including a senior director of technical accounting, a senior manager of accounting operations, and additional treasury analysts. We have hired these personnel after considering the appropriateness of each individual’s experience and believe that these personnel are qualified to serve in their current respective roles. As of July 31, 2018, we had 25 accounting and finance employees. We believe the current staffing in our accounting and finance department is sufficient to meet our requirements as a public company. However, we will continue to assess the adequacy of our accounting and finance personnel and resources, and will add additional personnel, as well as adjust our resources, as necessary, commensurate with any increase in the size and complexity of our business. We also increased the depth and level of review procedures with regard to financial reporting and internal control procedures. Despite this, there was insufficient time to remediate this material weakness. If we are unable to remediate the material weakness, or otherwise maintain effective internal control over financial reporting, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports in a timely manner. If our remediation of this material weakness is not effective, or if we experience additional material weaknesses or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock. We cannot assure you that all of our existing material weaknesses have been identified, or that we will not in the future identify additional material weaknesses.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing, and any required remediation in a timely fashion. During the evaluation and testing process, if we identify material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control, including as a result of the material weakness described above, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on The Nasdaq Global Market.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, our operating results could be adversely affected.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported in our 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 as of the date of the financial statements, and the amount of revenue and expenses, during the periods presented, that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to determination of revenue recognition, the useful lives of assets, assessment of the recoverability of long-lived assets, goodwill impairment, allowance for doubtful accounts, reserves relating to transaction losses, the valuation of warrants, stock-based compensation, and accounting for income taxes. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of industry or financial analysts and investors, resulting in a decline in the trading price of our common stock.

Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, changes to existing standards, and changes in interpretation, we might be required to change our accounting policies, alter our operational policies and implement new or enhance existing systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements. Such changes to existing standards or changes in their interpretation may have an adverse effect on our reputation, business, financial position, and profit, or cause an adverse deviation from our revenue and operating profit target, which may negatively impact our financial results.

Our corporate structure and intercompany arrangements are subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which could adversely impact our operating results.

We may expand the geographic scope of our operations and staff to support our global user base. Our corporate structure and associated transfer pricing policies contemplate future growth into international markets, and consider the functions, risks, and assets of the various entities involved in the intercompany transactions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to the intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was 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. Our financial statements could fail to reflect adequate reserves to cover such a contingency.

U.S. federal income tax reform could adversely affect us.

In December 2017, the Tax Act was enacted, which significantly reforms the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. The Tax Act, among other things, includes changes to U.S. federal tax rates, imposes significant additional limitations on the deductibility of interest and the use of net operating losses generated in tax years beginning after December 31, 2017, allows for the expensing of capital expenditures, and puts into effect the migration from a “worldwide” system of taxation to a territorial system. The Tax Act could have material adverse impacts on our business, cash flows, operating results or financial conditions, and we continue to examine the impact such reform may have.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2017, we had net operating loss carryforwards for U.S. federal income tax purposes and state income tax purposes of \$172.9 million and \$38.5 million, respectively, available to offset future taxable income. If not utilized, the federal net operating loss carryforward amounts will begin to expire in 2019, and the state net operating loss carryforward amounts will begin to expire in 2028. Realization of these net operating loss carryforwards depends on future income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could materially and adversely affect our operating results.

In addition, under Sections 382 and 383 of the Internal Revenue Code, if a corporation undergoes an “ownership change,” generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income may be limited. In addition, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carry-forwards and other tax attributes to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

We have not yet determined the consequences to our business of the Tax Act, which could have a material impact on the value of our deferred tax assets and could increase our future U.S. tax expense. For more information, see Note 12 of the notes to our consolidated financial statements. However, we anticipate that any adjustment to provisional amounts recorded would be fully offset by a corresponding change to our valuation allowance.

Our platform contains open source software components, and failure to comply with the terms of the underlying licenses could restrict our ability to market or operate our platform.

Our platform incorporates certain open source software. An open source license typically permits the use, modification, and distribution of software in source code form subject to certain conditions. Some open source licenses contain conditions that any person who distributes a modification or derivative work of software that was subject to an open source license make the modified version subject to the same open source license. Distributing software that is subject to this kind of open source license can lead to a requirement that certain aspects of our platform be distributed or made available in source code form. Although we do not believe that we have used open source software in a manner that might condition its use on our distribution of any portion of our platform in source code form, the interpretation of open source licenses is legally complex and, despite our efforts, it is possible that we may be liable for copyright infringement, breach of contract or other claims if our use of open source software is adjudged not to comply with the applicable open source licenses.

Moreover, we cannot ensure that our processes for controlling our use of open source software in our platform will be effective. If we have not complied with the terms of an applicable open source software license,

we may need to seek licenses from third parties to continue offering our platform and the terms on which such licenses are available may not be economically feasible, to re-engineer our platform to remove or replace the open source software, to discontinue the sale of our platform if re-engineering could not be accomplished on a timely basis, to pay monetary damages, or to make available the source code for aspects of our proprietary technology, any of which could adversely affect our business, operating results, and financial condition.

In addition to risks related to license requirements, use of open source software can involve greater risks than those associated with use of third-party commercial software, as open source licensors generally do not provide warranties, assurances of title, performance, or non-infringement, or controls on the origin of the software. There is typically no support available for open source software, and we cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for screening requests from our development organizations for the use of open source software, but we cannot be sure that all open source software is identified or submitted for approval prior to use in our platform.

Clients may fail to pay their invoices, necessitating action by us to compel payment.

In connection with our Upwork Enterprise offering, we advance payments to freelancers for invoiced services on behalf of the client and subsequently invoice the client for such services. In addition, in certain instances, we will advance payment on a freelancer invoice if the client issues a chargeback or their payment method is declined and the freelancer assigns us the right to recover any funds from the client. If a client fails to pay for these services rendered by a freelancer, we may be adversely affected both from the inability to collect amounts due and the cost of enforcing the applicable enterprise agreement or our terms of service, including through litigation. Furthermore, some clients may seek bankruptcy protection or other similar relief and fail to pay amounts due, or pay those amounts more slowly, either of which could adversely affect our operating results, financial position, and cash flow.

We track certain performance metrics with internal tools and do not independently verify such metrics. Certain of our performance metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We track certain performance metrics, including GSV, the number of core clients, and client spend retention, with internal tools, which are not independently verified by any third party. Our internal tools have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we report. If the internal tools we use to track these metrics undercount or overcount performance or contain algorithm or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer term strategies. If our performance metrics are not accurate representations of our business, user base, or traffic levels; if we discover material inaccuracies in our metrics; or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, our reputation may be harmed, and our operating and financial results could be adversely affected.

We may be unable to integrate acquired businesses and technologies successfully or to achieve the expected benefits of such acquisitions. We may acquire or invest in additional companies, which may divert our management's attention, result in additional dilution to our stockholders, and consume resources that are necessary to sustain our business.

Our business strategy may, from time to time, include acquiring other complementary products, technologies, or businesses. An acquisition, investment, or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the

businesses, technologies, products, services, personnel, or operations of the acquired companies particularly if the key personnel of the acquired companies choose not to work for us, if an acquired company's software is not easily adapted to work with ours, or otherwise. Acquisitions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for the development of our business. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown liabilities.

We may in the future seek to acquire or invest in additional businesses, products, technologies, or other assets. We also may enter into relationships with other businesses to expand our platform or our ability to provide our platform in foreign jurisdictions, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing, or investments in other companies. Negotiating these transactions can be time consuming, difficult, and expensive, and our ability to close these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close. For one or more of those transactions, we may:

- issue additional equity securities that would dilute our stockholders' ownership interest;
- use cash that we may need in the future to operate our business;
- incur debt on terms unfavorable to us or that we are unable to repay;
- incur expenses or substantial liabilities;
- encounter difficulties retaining key employees of the acquired company or integrating diverse software codes or business cultures;
- encounter difficulties in assimilating acquired operations and development cultures;
- encounter diversion of management's attention to other business concerns; and
- become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges.

Any of these risks could adversely impact our business and operating results.

We may be required to comply with governmental export control laws and regulations. Our failure to comply with these laws and regulations could have an adverse effect on our business and operating results.

We may be subject to U.S. export controls and sanctions regulations that prohibit the shipment or provision of certain products and services to certain countries, governments, and persons targeted by U.S. sanctions. While we take precautions to prevent aspects of our platform from being exported in violation of these laws, including implementing internet protocol address blocking, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. If we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us.

In addition, various countries regulate the import and export of certain encryption and other technology, including imposing import and export permitting and licensing requirements, and have enacted laws that could limit our ability to distribute aspects of our platform or could limit our users' ability to access our platform in those countries. Changes in our platform, or future changes in export and import regulations may prevent our international users from utilizing our platform or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our platform by existing or potential users with international operations. Any decreased use of our platform or limitation on our ability to export or sell our products would likely adversely affect our business, operating results, and financial results.

Future litigation could have a material adverse impact on our operating results and financial condition.

From time to time, we have been subject to litigation. The outcome of any litigation (including class actions and individual lawsuits), regardless of its merits, is inherently uncertain. Regardless of the merits of any claims

that may be brought against us, pending or future litigation could result in a diversion of management's attention and resources and reputational harm, and we may be required to incur significant expenses defending against these claims. If we are unable to prevail in litigation, we could incur substantial liabilities. We may also determine that the most cost-effective and efficient way to resolve a dispute is to enter into a settlement agreement. Where we can make a reasonable estimate of the liability relating to pending litigation and determine that it is probable, we record a related liability. As additional information becomes available, we assess the potential liability and revise estimates as appropriate. However, because of uncertainties relating to litigation, the amount of our estimates could be wrong as determining reserves for pending litigation is a complex, fact-intensive process that is subject to judgment calls. Any adverse determination related to litigation or a settlement agreement could require us to change our technology or our business practices in costly ways, prevent us from offering certain products or services, require us to pay monetary damages, fines, or penalties, or require us to enter into royalty or licensing arrangements, and could adversely affect our operating results and cash flows, harm our reputation, or otherwise negatively impact our business.

Our Loan Agreement provides our lender with a first-priority lien against substantially all of our assets (excluding our intellectual property), and contains financial covenants and other restrictions on our actions, which could limit our operational flexibility and otherwise adversely affect our financial condition.

Our Loan Agreement restricts our ability to, among other things:

- incur additional indebtedness;
- sell certain assets;
- declare dividends or make certain distributions; and
- undergo a merger or consolidation or other transactions.

In addition, the interest rates we pay under our Loan Agreement are derived from the prime rate, which has increased recently, and may increase in the future. Interest rate increases will result in us having to make higher interest payments and reduce the amount of working capital available to us. Our Loan Agreement also prohibits us from falling below an adjusted quick ratio and below certain quarterly EBITDA thresholds. Our ability to comply with these EBITDA thresholds and other covenants is dependent upon our future business performance.

Our failure to comply with the covenants or payment requirements, or the occurrence of other events specified in our Loan Agreement, could result in an event of default under the credit agreement, which would give our lender the right to terminate their commitments to provide additional loans under the credit agreement and to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, we have granted our lender first-priority liens against substantially all of our assets, as collateral, excluding our intellectual property (but including proceeds therefrom) and the funds and assets held by Upwork Escrow. We have also agreed to a negative pledge on our intellectual property. Failure to comply with the covenants or other restrictions in the credit agreement could result in a default. If the debt under our credit agreement was to be accelerated, we may not have sufficient cash on hand or be able to sell sufficient collateral to repay it, which would have an immediate adverse effect on our business and operating results. This could potentially cause us to cease operations and result in a complete loss of your investment in our common stock.

We may require additional capital to fund our business and support our growth, and any inability to generate or obtain such capital may adversely affect our operating results and financial condition.

In order to support our growth and respond to business challenges, such as developing new features or enhancements to our platform, acquiring new technologies, and improving our infrastructure, we have made significant financial investments in our business and we intend to continue to make such investments. As a result, we may need to engage in equity or debt financings to provide the funds required for these investments and other business endeavors. If we raise additional funds through equity or convertible debt issuances, our existing stockholders may suffer significant dilution and these securities could have rights, preferences, and privileges that are superior to that of holders of our common stock. If we obtain additional funds through debt financing, we

may not be able to obtain such financing on terms favorable to us. Such terms may involve restrictive covenants making it difficult to engage in capital raising activities and pursue business opportunities, including potential acquisitions. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired and our business may be adversely affected, requiring us to delay, reduce, or eliminate some or all of our operations.

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

We are an emerging growth company, as defined in the JOBS Act, and, for so long as we continue to be an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We will remain an emerging growth company until the earliest of: (i) the last day of the fiscal year following the fifth anniversary of this offering; (ii) the last day of the first fiscal year in which our annual gross revenue is \$1.07 billion or more; (iii) the date on which we have, during the previous rolling three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (iv) the date on which we qualify as a “large accelerated filer.”

We cannot predict if investors will find our common stock less attractive or our company less comparable to certain other public companies because we will rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future operating results may not be as comparable to the operating results of certain other companies in our industry that adopted such standards. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Our reported financial results may be adversely affected by changes in U.S. GAAP.

U.S. GAAP is subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

In particular, in May 2014, the FASB issued ASC 606, which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As an “emerging growth company,” we are allowed under the JOBS Act to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We have elected to take advantage of this extended transition period under the JOBS Act with respect to ASC 606, which will result in ASC 606 becoming effective for us for the year ending December 31, 2019. Any difficulties in implementing these pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors’ confidence in us.

We are evaluating ASC 606 and have not determined the impact it may have on our financial reporting. If, for example, we were required to recognize revenue differently with respect to our subscriptions or professional services, the differential revenue recognition may cause variability in our reported operating results due to periodic or long-term changes in the mix among our subscription offerings.

If currency exchange rates fluctuate substantially in the future, the results of our operations, which are reported in U.S. dollars, could be adversely affected.

As we expand our international footprint, we become more exposed to the effects of fluctuations in currency exchange rates. Although we expect an increasing number of sales contracts to be denominated in currencies other than the U.S. dollar in the future, all of our sales contracts have historically been denominated in U.S. dollars. However, we offer clients the option to settle invoices denominated in U.S. dollars in Euro, the British Pound, the Australian dollar, or the Canadian dollar, and therefore, our revenue is subject to foreign currency risk. While we currently use derivative instruments 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, a strengthening of the U.S. dollar could increase the real cost of transacting on our platform to clients located outside of the United States and could result in a loss of such clients, which could adversely affect our business, operating results, financial condition, and cash flows.

We may be adversely affected by natural disasters and other catastrophic events, and by man-made problems such as terrorism, that could disrupt our business operations and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

A significant natural disaster, such as an earthquake, blizzard, hurricane, fire or flood, or other catastrophic events, such as a power loss or telecommunications failure, could have a material adverse impact on our business, financial condition, and operating results. In the event of natural disaster or other catastrophic event, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in development of our platform, lengthy interruptions in service, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity and potentially subject to catastrophic fires. In addition, natural disasters and other catastrophic events could affect our partners' ability to perform services for users on a timely basis. In the event any such partners' information technology systems or service abilities are hindered by any of the events discussed above, our ability to provide marketplace and other services may be impaired, resulting in missing financial targets for a particular quarter or year, or longer period. Further, if a natural disaster or other catastrophic event occurs in a region from which we derive a significant portion of our revenue, users in that region may delay or forego use of our marketplace or other services, which may adversely impact our operating results. In addition, acts of terrorism, civil disorder, or military conflict could cause disruptions in our business or the business and activity of our partners, users, or the economy as a whole. These disruptions may be more severe than in the case of natural disasters. All of the aforementioned risks may be augmented if our or our partners' business continuity and disaster recovery plans prove to be inadequate. To the extent that any of the above results in delays or reductions in marketplace availability, activities or other services, our business, financial condition and operating results would be adversely affected.

Risks Related to this Offering and Ownership of Our Common Stock

There has been no prior public market for our common stock, the stock price of our common stock may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the initial public offering price.

There has been no public market for our common stock prior to this offering. The initial public offering price for our common stock will be determined through negotiations between the underwriters, us, and the selling stockholders, and may vary from the market price of our common stock following this offering. The market prices of the securities of newly public companies such as ours have historically been highly volatile. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets;
- actual or anticipated fluctuations in our revenue and other operating results;

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- changes in the financial projections we may provide to the public or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- recruitment or departure of key personnel;
- the economy as a whole and market conditions in our industry;
- negative publicity related to the real or perceived quality of our platform, as well as the failure to timely launch new products and services that gain market acceptance;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of new products or services, commercial relationships, or significant technical innovations;
- acquisitions, strategic partnerships, joint ventures, or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits threatened or filed against us, litigation involving our industry, or both;
- developments or disputes concerning our or other parties' products, services or intellectual property rights;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events;
- the expiration of contractual lock-up or market stand-off agreements; and
- sales of shares of our common stock by us or our stockholders.

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

Sales of substantial amounts of our common stock in the public markets, particularly sales by our directors, executive officers, and significant stockholders, or the perception that these sales could occur, could cause the market price of our common stock to decline and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

Sales of a substantial number of shares of our common stock into the public market, particularly sales by our directors, executive officers, and principal stockholders, or the perception that these sales might occur, could cause the market price of our common stock to decline and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

All of the shares of common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

Subject to certain exceptions, we, all of our directors and executive officers, the selling stockholders, and substantially all of the holders of our common stock, or securities exercisable for or convertible into our common stock outstanding immediately prior to this offering, are subject to market stand-off agreements with us or have entered into lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions described in the section titled "Underwriting," not to offer, sell, or agree to sell, directly or indirectly, any shares of

common stock without the permission of each of Citigroup Global Markets Inc. and Jefferies LLC on behalf of the underwriters, for a period of 180 days from the date of this prospectus. These agreements are subject to certain customary exceptions. When the lock-up period expires, we and our securityholders subject to a lock-up agreement or market stand-off agreement will be able to sell our shares in the public market. In addition, the underwriters may, in their sole discretion, release all or some portion of the shares subject to lock-up agreements prior to the expiration of the lock-up period. See the section titled “Shares Eligible for Future Sale” for more information. Sales of a substantial number of such shares upon expiration of the lock-up and market stand-off agreements, or the perception that such sales may occur, or early release of these agreements, could cause our market price to fall or make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

In addition, as of June 30, 2018, we had stock options outstanding that, if fully exercised, would result in the issuance of 22,932,222 shares of common stock. We also granted options to purchase 2,693,123 shares of our common stock after June 30, 2018. All of the shares of common stock issuable upon the exercise or settlement of stock options, and the shares reserved for future issuance under our equity incentive plans, will be registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance subject to existing lock-up or market stand-off agreements and applicable vesting requirements.

Immediately following this offering, the holders of 58,672,323 shares of our common stock, as of June 30, 2018, have rights, subject to some conditions, to require us to file registration statements for the public resale of the common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders.

We may also issue our shares of common stock or securities convertible into shares of our common stock from time to time in connection with a financing, an acquisition, investments, or otherwise. We also expect to grant equity awards to employees, directors, and consultants under our equity incentive plans. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline.

The concentration of our stock ownership with insiders will likely limit your ability to influence corporate matters, including the ability to influence the outcome of director elections and other matters requiring stockholder approval.

We anticipate that our executive officers, directors, current 5% or greater stockholders and affiliated entities will together beneficially own approximately % of our common stock outstanding after this offering (or % if the underwriters exercise their option to purchase additional shares in full). As a result, these stockholders, acting together, will have control over most matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions. Corporate action might be taken even if other stockholders, including those who purchase shares in this offering, oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of us that other stockholders may view as beneficial.

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

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our common stock would be negatively affected. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our common stock would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

Even if our stock is actively covered by analysts, we do not have any control over the analysts or the measures that analysts or investors may rely upon to forecast our future results.

An active public trading market may not develop or be sustained following this offering.

Prior to this offering, there has been no public market for our common stock. We have applied to list our common stock on The Nasdaq Global Market, however, an active trading market may not develop following the completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the market price of your shares of common stock. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration. We cannot predict the prices at which our common stock will trade. The initial public offering price of our common stock will be determined by negotiations between us, the underwriters, and the selling stockholders, and may not bear any relationship to the market price at which our common stock will trade after this offering or to any other established criteria of the value of our business and prospects.

Because the initial public offering price of our common stock will be substantially higher than the pro forma net tangible book value per share of our outstanding common stock following this offering, new investors will experience immediate and substantial dilution.

The initial public offering price is substantially higher than the pro forma net tangible book value per share of our common stock immediately following this offering based on the total value of our tangible assets less our total liabilities. Therefore, if you purchase shares of our common stock in this offering, based on the midpoint of the price range set forth on the cover page of this prospectus, and the issuance of _____ shares of common stock in this offering, you will experience immediate dilution of \$ _____ per share, the difference between the price per share you pay for our common stock and its pro forma net tangible book value per share as of June 30, 2018. Furthermore, if the underwriters exercise their option to purchase additional shares, if outstanding stock options are exercised, if we issue awards to our employees under our equity incentive plans, or if we otherwise issue additional shares of our common stock, you could experience further dilution. See the section titled “Dilution” for additional information.

We will have broad discretion in the use of the net proceeds to us from this offering and may not use them effectively.

We will have broad discretion in the application of the net proceeds to us from this offering, including for any of the purposes described in the section titled “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. If we do not use the net proceeds that we receive in this offering effectively, our business, financial condition, operating results, and prospects could be adversely affected, and the market price of our common stock could decline. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade interest-bearing securities, such as money market accounts, certificates of deposit, commercial paper, and guaranteed obligations of the U.S. government that may not generate a high yield for our stockholders. These investments may not yield a favorable return to our investors.

We do not intend to pay dividends for the foreseeable future.

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

Provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees, and limit the market price of our common stock.

Provisions in our restated certificate of incorporation and restated bylaws that will be in effect immediately following the completion of this offering may have the effect of delaying or preventing a change of control or changes in our management. Our restated certificate of incorporation and restated bylaws include provisions that:

- provide that our board of directors will be classified into three classes of directors with staggered three-year terms;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the chairperson of our board of directors, our chief executive officer, president, lead independent director, or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, our restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, or DGCL, our restated certificate of incorporation, or our restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. Our restated bylaws will also provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this provision.

These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find the choice of forum provision contained in our restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely impact our business, operating results, and financial condition.

Moreover, Section 203 of the DGCL may discourage, delay, or prevent a change of control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock. See the section titled “Description of Capital Stock” for additional information.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements contained in this prospectus other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “target,” “plan,” “expect,” and similar expressions are intended to identify forward-looking statements.

Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our total revenue, cost of revenue, gross profit or gross margin, operating expenses including changes in operating expenses and our ability to achieve and maintain future profitability;
- our business plan and our ability to effectively manage our growth;
- the widespread adoption of online global marketplaces for freelance work;
- our total market opportunity;
- anticipated trends, growth rates, and challenges in our business and in the markets in which we operate;
- market acceptance of our platform and our ability to increase adoption of our platform;
- beliefs and objectives for future operations;
- our ability to further attract, retain, and expand a community of users;
- our ability to timely and effectively scale and adapt our platform;
- our ability to develop new products and services and bring them to market in a timely manner and make enhancements to our platform;
- our expectations concerning relationships with third parties;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to continue to expand internationally;
- the effects of increased competition in our markets and our ability to compete effectively;
- future acquisitions or investments in complementary companies, products, services, or technologies;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- economic and industry trends, projected growth, or trend analysis;
- the attraction and retention of qualified service providers;
- the estimates and methodologies used in preparing our consolidated financial statements and determining stock option exercise prices; and
- the future market prices of our common stock.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

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You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this prospectus or to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity, and market size, is based on information from various sources, as well as assumptions that we have made that are based on those data and other similar sources and on our knowledge of the markets for our platform. This information involves important assumptions and limitations, is inherently imprecise, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “Risk Factors” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us. The information contained on, or that can be accessed through, any website listed below is not a part of this prospectus.

This prospectus contains statistical data, estimates, and forecasts that are based on publications or reports generated by third parties, including reports that we commissioned, or other publicly available information, as well as other information based on our internal sources.

The source of, and selected additional information contained in, the independent industry and other publications related to the information so identified are provided below. The information contained on, or that can be accessed through, the websites listed below are not part of this prospectus.

- Accenture, *Technology Vision 2017*, 2017.
- Bureau of Economic Analysis, U.S. Department of Commerce, *Gross Domestic Product by Metropolitan Area*, 2016.
- Bureau of Labor Statistics, *Job Openings and Labor Turnover Survey*, 2017.
- DHI Group, Inc., *Measure of National Mean Vacancy Duration*, June 2018.
- Federal Reserve, *Declining Migration Within the US: The Role of the Labor Market*, 2013.
- Global Workplace Analytics, Flexjobs, *2017 State of Telecommuting in the U.S. Employee Workforce*, 2017.
- Inavero and Upwork Inc., *2018 Future Workforce Report* (commissioned by Upwork), February 2018.
- McKinsey Global Institute, *A Labor Market that Works: Connecting Talent with Opportunity in the Digital Age*, June 2015. This report can be found at: <https://www.mckinsey.com/featured-insights/employment-and-growth/connecting-talent-with-opportunity-in-the-digital-age>.
- McKinsey Global Institute, *Independent Work: Choice, Necessity, and the Gig Economy*, October 2016. This report can be found at: <https://www.mckinsey.com/featured-insights/employment-and-growth/independent-work-choice-necessity-and-the-gig-economy>.
- McKinsey Global Institute, *The Emerging Global Labor Market: Part 1—The Demand for Offshore Talent in Services*, June 2005. This report can be found at: <https://www.mckinsey.com/featured-insights/employment-and-growth/the-emerging-global-labor-market-demand-for-offshore-talent>.
- The NFIB Research Foundation, *Small Business Economic Trends*, © NFIB Research Center, April 2018.
- Oxford Internet Institute, *Online Labour Index*, 2017.
- United States Census Bureau, *How Do We Know? Working at Home is on the Rise*, June 2013.
- World Economic Forum, *Center for the Fourth Industrial Revolution*.

USE OF PROCEEDS

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

We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders, although we will bear the costs, other than underwriting discounts and commissions, associated with the sale of these shares.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share would increase (decrease) the net proceeds to us from this offering by approximately \$ _____ million, assuming the number of shares of our common stock offered by us remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of our common stock offered by us would increase (decrease) the net proceeds from this offering by approximately \$ _____ million, assuming that the assumed initial public offering price of \$ _____ remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to create a public market for our common stock, increase our visibility in the marketplace, obtain additional capital, and increase our capitalization and financial flexibility. We currently intend to use the net proceeds we receive from this offering primarily for working capital and other general corporate purposes, which may include product development, general and administrative matters, and capital expenditures. We also intend to use a portion of the net proceeds we receive from this offering to repay approximately \$19.0 million of indebtedness under our Loan Agreement. We may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions, or businesses that complement our business. However, we do not have agreements or commitments for any acquisitions or investments outside the ordinary course of business at this time.

The approximately \$19.0 million of indebtedness that we intend to repay outstanding under our Loan Agreement is comprised of \$9.0 million under a term loan and \$10.0 million under a revolving line of credit. The \$9.0 million under the term loan is scheduled to mature in September 2022, and interest on such borrowings accrues at a fixed per annum rate equal to the prime rate plus 5.25%. The \$10.0 million under the term revolving line of credit is scheduled to mature in March 2020, and interest on such borrowings accrues at a fixed per annum rate equal to the prime rate. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Term and Revolving Loans."

We will have broad discretion over the uses of the net proceeds that we receive from this offering. Pending these uses, we intend to invest the net proceeds that we receive from this offering in short-term, investment-grade interest-bearing securities, such as money market accounts, certificates of deposit, commercial paper, and guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our capital stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions, and other factors that our board of directors may deem relevant. In addition, our Loan Agreement contains restrictions on our ability to pay cash dividends on our capital stock.

CAPITALIZATION

The following table sets forth our cash and capitalization as of June 30, 2018, on:

- an actual basis;
- a pro forma basis, which reflects (i) the automatic conversion of 61,279,079 outstanding shares of our convertible preferred stock as of June 30, 2018 into the same number of shares of our common stock, (ii) the automatic conversion of an outstanding warrant exercisable for 398,331 shares of our convertible preferred stock as of June 30, 2018 into a warrant exercisable for the same number of shares of common stock upon the completion of this offering, and (iii) the filing and effectiveness of our restated certificate of incorporation; and
- a pro forma as adjusted basis, which reflects (i) all adjustments included in the pro forma column, (ii) the sale of _____ shares of our common stock in this offering at an assumed initial public offering price of \$ _____ per share, which is the midpoint of the price range set forth on the front cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, (iii) the application of such proceeds as described in the section titled “Use of Proceeds,” and (iv) the issuance of _____ shares of our common stock to certain selling stockholders upon the exercise of stock options in order to sell such shares in this offering, including net proceeds of \$ _____ received by us in connection with the exercise of such options.

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

	As of June 30, 2018		
	Actual	Pro Forma (in thousands, except share and per share data)	Pro Forma as Adjusted(1)
Cash	\$ 31,331	\$ 31,331	\$
Debt, current and non-current	\$ 33,884	\$ 33,884	\$
Redeemable convertible preferred stock warrant liability	1,463	—	
Redeemable convertible preferred stock, \$0.0001 par value per share; 76,141,345 shares authorized, 61,279,079 shares issued and outstanding, actual; no shares authorized, issued, and outstanding, pro forma and pro forma as adjusted	166,486	—	
Stockholders’ (deficit) equity:			
Preferred stock, \$0.0001 par value per share; no shares authorized, issued, and outstanding, actual; 10,000,000 shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	
Common stock, \$0.0001 par value per share; 150,000,000 shares authorized, 35,880,003 shares issued and outstanding, actual; 490,000 shares authorized, 97,159,082 shares issued and outstanding, pro forma; 490,000 shares authorized, _____ shares issued and outstanding, pro forma as adjusted	4	10	
Additional paid-in capital	100,173	268,116	
Accumulated deficit	(130,788)	(130,788)	
Total stockholders’ (deficit) equity	(30,611)	137,338	
Total capitalization	\$ 171,622	\$ 171,222	\$

(1) The pro forma as adjusted information presented is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro

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forma as adjusted cash, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization by \$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of our common stock offered by us would increase (decrease) the amount of our pro forma as adjusted cash, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization by \$ million, assuming that the assumed initial public offering price remains the same, after deducting the estimated underwriting discounts and commissions payable by us. If the underwriters' option to purchase additional shares from us is exercised in full, the pro forma as adjusted amount of each of cash, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization would increase by \$ million, after deducting estimated underwriting discounts and commissions payable by us, and we would have shares of our common stock issued and outstanding, pro forma as adjusted.

The number of shares of our common stock to be outstanding after this offering is based on 97,159,082 shares of our common stock outstanding as of June 30, 2018, and excludes:

- 22,932,222 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2018, with a weighted-average exercise price of \$3.29 per share;
- 398,331 shares of our common stock issuable upon the exercise of a convertible preferred stock warrant outstanding as of June 30, 2018, with an exercise price of \$3.13 per share;
- 2,693,123 shares of our common stock issuable upon the exercise of stock options granted after June 30, 2018, with a weighted-average exercise price of \$6.84 per share;
- 500,000 shares of our common stock issuable upon the exercise of a common stock warrant outstanding as of June 30, 2018 with an exercise price of \$0.01 per share that we issued in May 2018 to the Tides Foundation in connection with establishing The Upwork Foundation initiative; and
- 14,743,154 shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (i) 2,543,154 shares of our common stock reserved for future issuance under our 2014 Plan, as of June 30, 2018 (which number of shares is prior to the stock options to purchase shares of our common stock granted after June 30, 2018 and an increase of 100,000 shares of our common stock reserved for future issuance under our 2014 Plan after June 30, 2018), (ii) 10,500,000 shares of our common stock reserved for future issuance under our 2018 Plan, which will become effective on the day immediately prior to the date of this prospectus, and (iii) 1,700,000 shares of our common stock reserved for issuance under our 2018 ESPP, which will become effective on the date the registration statement for this offering is declared effective.

On the date immediately prior to the date of this prospectus, any remaining shares available for issuance under our 2014 Plan will be added to the shares of our common stock reserved for issuance under our 2018 Plan, and we will cease granting awards under the 2014 Plan. Our 2018 Plan and 2018 ESPP also provide for automatic annual increases in the number of shares reserved thereunder. See the section titled "Executive Compensation—Employee Benefit and Stock Plans" for additional information.

DILUTION

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

As of June 30, 2018, our pro forma net tangible book value was \$ million, or \$ per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of June 30, 2018, after giving effect to (i) the automatic conversion of 61,279,079 outstanding shares of our convertible preferred stock into the same number of shares of our common stock, (ii) the automatic conversion of an outstanding warrant exercisable for 398,331 shares of our convertible preferred stock as of June 30, 2018 into a warrant exercisable for the same number of shares of common stock upon completion of this offering, and (iii) the filing and effectiveness of our restated certificate of incorporation.

After giving effect to (i) the sale by us in this offering of shares of our common stock, at an assumed initial public offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, (ii) the application of such proceeds as described in the section titled “Use of Proceeds,” and (iii) the issuance of shares of our common stock to certain selling stockholders upon the exercise of stock options in order to sell such shares in this offering, our pro forma as adjusted net tangible book value as of June 30, 2018 would have been \$ million, or \$ per share. This represents an immediate increase in pro forma net tangible book value of \$ per share to our existing stockholders and an immediate dilution of \$ per share to investors purchasing common stock in this offering at the assumed initial public offering price.

The following table illustrates this dilution on a per share basis to new investors:

Assumed initial public offering price per share	\$
Pro forma net tangible book value per share as of June 30, 2018, before giving effect to this offering	\$
Increase in pro forma net tangible book value per share attributable to new investors in this offering	<u> </u>
Pro forma as adjusted net tangible book value per share	
Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering	<u><u> </u></u>

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share, which is the midpoint of the price range reflected on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by \$ per share and would increase (decrease) the dilution per share to new investors in this offering by \$ per share, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by \$ per share and would increase (decrease) the dilution to new investors by \$ per share, assuming the assumed initial public offering price, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us.

If the underwriters exercise their option to purchase additional shares from us in full, the pro forma as adjusted net tangible book value per share of our common stock after giving effect to this offering would be \$ per share, and the dilution in pro forma net tangible book value per share to investors in this offering would be \$ per share.

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2018, after giving effect to the pro forma adjustments described above, the difference between existing stockholders and new investors purchasing

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shares of common stock in this offering with respect to the number of shares purchased from us, the total consideration paid to us, and the average price per share paid by our existing stockholders or to be paid by investors purchasing shares in this offering at an assumed offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders		%	\$	%	\$
New public investors					
Total		100%	\$	100%	

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

Sales of shares of common stock by the selling stockholders in this offering will reduce the number of shares of common stock held by existing stockholders to , or approximately % of the total shares of common stock outstanding after this offering, and will increase the number of shares held by new investors to , or approximately % of the total shares of common stock outstanding after this offering.

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 exercise their option in full to purchase additional shares from us, our existing stockholders would own % and our new investors would own % of the total number of shares of our common stock outstanding after this offering.

In addition, to the extent we issue any additional stock options or any outstanding stock options or warrants are exercised, or we issue any other securities or convertible debt in the future, investors will experience further dilution.

The number of shares of our common stock to be outstanding after this offering is based on 97,159,082 shares of our common stock outstanding as of June 30, 2018, and excludes:

- 22,932,222 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2018, with a weighted-average exercise price of \$3.29 per share;
- 398,331 shares of our common stock issuable upon the exercise of a convertible preferred stock warrant outstanding as of June 30, 2018, with an exercise price of \$3.13 per share;
- 2,693,123 shares of our common stock issuable upon the exercise of stock options granted after June 30, 2018, with a weighted-average exercise price of \$6.84 per share;
- 500,000 shares of our common stock issuable upon the exercise of a common stock warrant outstanding as of June 30, 2018 with an exercise price of \$0.01 per share that we issued in May 2018 to the Tides Foundation in connection with establishing The Upwork Foundation initiative; and
- 14,743,154 shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (i) 2,543,154 shares of our common stock reserved for future issuance under our 2014 Plan, as of June 30, 2018 (which number of shares is prior to the stock options to purchase shares of our common stock granted after June 30, 2018 and an increase of 100,000 shares of our common stock reserved for future issuance under our 2014 Plan after June 30, 2018), (ii) 10,500,000 shares of our common stock reserved for future issuance under our 2018 Plan, which will become effective on the day immediately prior to the date of this prospectus, and (iii) 1,700,000 shares of our common stock reserved for issuance under our 2018 ESPP, which will become effective on the date the registration statement for this offering is declared effective.

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Immediately prior to the date of this prospectus, any remaining shares available for issuance under our 2014 Plan will be added to the shares of our common stock reserved for issuance under our 2018 Plan, and we will cease granting awards under the 2014 Plan. Our 2018 Plan and 2018 ESPP also provide for automatic annual increases in the number of shares reserved thereunder. See the section titled “Executive Compensation—Employee Benefit and Stock Plans” for additional information.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present selected historical consolidated financial and other data for our business. We derived the selected consolidated statements of operations data for 2016 and 2017 and the consolidated balance sheet data as of December 31, 2016 and 2017 from our audited consolidated financial statements that are included elsewhere in this prospectus. The selected consolidated statements of operations data for the six months ended June 30, 2017 and 2018, and the selected consolidated balance sheet data as of June 30, 2018, are derived from the unaudited consolidated financial statements included elsewhere in this prospectus. Our unaudited interim consolidated financial statements have been prepared in accordance with U.S. GAAP, on the same basis as our audited annual consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal, recurring adjustments, that are necessary for the fair statement of our consolidated financial position as of June 30, 2018 and our consolidated results of operations for the six months ended June 30, 2017 and 2018. Our historical results are not necessarily indicative of the results that may be expected for any other period in the future, and the results for the six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the full year or any other period. You should read this information in conjunction with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements, the accompanying notes, and other financial information included elsewhere in this prospectus.

	<u>Year Ended December 31,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
(in thousands, except per share data and percentages)				
Consolidated Statements of Operations Data:				
Revenue:				
Marketplace	\$138,484	\$178,046	\$ 83,938	\$ 107,413
Managed services	25,961	24,506	11,593	14,486
Total revenue	<u>164,445</u>	<u>202,552</u>	<u>95,531</u>	<u>121,899</u>
Cost of revenue(1)	62,578	65,443	30,953	40,074
Gross profit	<u>101,867</u>	<u>137,109</u>	<u>64,578</u>	<u>81,825</u>
Operating expenses:				
Research and development(1)	37,902	45,604	21,005	26,303
Sales and marketing(1)	37,437	53,044	23,701	36,087
General and administrative(1)	35,446	37,334	16,463	22,395
Provision for transaction losses	5,550	4,250	1,784	2,720
Total operating expenses	<u>116,335</u>	<u>140,232</u>	<u>62,953</u>	<u>87,505</u>
Income (loss) from operations	(14,468)	(3,123)	1,625	(5,680)
Interest expense	858	960	430	1,085
Other (income) expense, net	908	62	(185)	422
Income (loss) before income taxes	(16,234)	(4,145)	1,380	(7,187)
Income tax benefit (provision)	1	22	(11)	(9)
Net income (loss)	<u>\$ (16,233)</u>	<u>\$ (4,123)</u>	<u>\$ 1,369</u>	<u>\$ (7,196)</u>
Premium paid on repurchase of redeemable convertible preferred stock	—	(6,506)	—	—
Undistributed earnings allocable to preferred stockholders	—	—	(1,369)	—
Net loss attributable to common stockholders	<u>\$ (16,233)</u>	<u>\$ (10,629)</u>	<u>\$ —</u>	<u>\$ (7,196)</u>
Net loss per share attributable to common stockholders, basic and diluted(2)	<u>\$ (0.51)</u>	<u>\$ (0.32)</u>	<u>\$ —</u>	<u>\$ (0.21)</u>
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted(2)	<u>32,072</u>	<u>32,945</u>	<u>32,487</u>	<u>34,651</u>

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	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands, except per share data and percentages)			
Pro forma net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	\$ (0.04)		\$ (0.07)	
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	98,072		95,930	
Supplemental pro forma net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	\$		\$	
Supplemental weighted-average shares used to compute supplemental pro forma net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	_____		_____	
Other Financial and Operating Data⁽³⁾:				
Core clients ⁽⁴⁾	76.5	86.4	78.6	95.7
Gross services volume (GSV) ⁽⁵⁾	\$1,148,363	\$1,373,161	\$ 643,155	\$ 834,532
Client spend retention ⁽⁶⁾	85%	99%	92%	106%
Adjusted EBITDA ⁽⁷⁾	\$ 1,260	\$ 7,909	\$ 7,018	\$ 256

(1) Amounts include stock-based compensation expense as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands)			
Cost of revenue	\$ 193	\$ 290	\$ 193	\$ 105
Research and development	1,820	1,797	839	1,088
Sales and marketing	1,052	1,299	655	671
General and administrative	4,201	3,460	1,604	1,817
Total	<u>\$7,266</u>	<u>\$6,846</u>	<u>\$3,291</u>	<u>\$3,681</u>

- (2) See Notes 2 and 11 of the notes to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net loss per share attributable to common stockholders, basic and diluted, and pro forma and supplemental pro forma net loss per share attributable to common stockholders, basic and diluted.
- (3) For a discussion of limitations in the measurement of core clients, GSV, and client spend retention, see the section titled “Risk Factors—We track certain performance metrics with internal tools and do not independently verify such metrics. Certain of our performance metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.”
- (4) For the definition of core clients, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics.”
- (5) For the definition of GSV, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics.”
- (6) For the definition of client spend retention, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operational Metrics.”
- (7) For the definition of adjusted EBITDA and a reconciliation of net loss to adjusted EBITDA, see the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures.”

	As of December 31,		As of June 30,
	2016	2017	2018
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash	\$ 27,326	\$ 21,595	\$ 31,331
Working capital	31,205	29,483	24,148
Total assets	249,600	275,189	290,263
Debt, current and noncurrent	16,962	33,833	33,884
Redeemable convertible preferred stock	178,785	166,486	166,486
Total stockholders’ deficit	(30,131)	(31,367)	(30,611)

Non-GAAP Financial Measures

In addition to our results determined in accordance with U.S. GAAP, adjusted EBITDA is a non-GAAP measure that we believe is useful in evaluating our operating performance.

We define adjusted EBITDA as net income (loss) adjusted for stock-based compensation expense, depreciation and amortization, interest expense, other (income) expense, net, and income tax (benefit) provision.

The following table presents a reconciliation of net income (loss) to adjusted EBITDA, the most directly comparable financial measure prepared in accordance with U.S. GAAP, for each of the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands)			
Net income (loss)	\$ (16,233)	\$ (4,123)	\$ 1,369	\$ (7,196)
Add back (deduct):				
Stock-based compensation expense	7,266	6,846	3,291	3,681
Depreciation and amortization	8,462	4,186	2,102	2,255
Interest expense	858	960	430	1,085
Other (income) expense, net	908	62	(185)	422
Income tax (benefit) provision	(1)	(22)	11	9
Adjusted EBITDA	\$ 1,260	\$ 7,909	\$ 7,018	\$ 256

We use adjusted EBITDA as a measure of operational efficiency. We believe that this non-GAAP financial measure is useful to investors for period-to-period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

- adjusted EBITDA is widely used by investors and securities analysts to measure a company’s operating performance without regard to items such as stock-based compensation expense, depreciation and amortization, interest expense, other (income) expense, net, and income tax (benefit) provision that can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired;
- our management uses adjusted EBITDA in conjunction with financial measures prepared in accordance with U.S. GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance; and
- adjusted EBITDA provides consistency and comparability with our past financial performance, facilitates period-to-period comparisons of our core operating results, and also facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under U.S. GAAP. Some of these limitations are as follows:

- adjusted EBITDA excludes stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect: (a) changes in, or cash requirements for, our working capital needs; (b) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; or (c) tax payments that may represent a reduction in cash available to us; and

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- other companies, including companies in our industry, may calculate adjusted EBITDA or similarly titled measures differently, which reduces the usefulness of this measure for comparative purposes.

Because of these and other limitations, you should consider adjusted EBITDA along with other financial performance measures, including net loss and our other financial results prepared in accordance with U.S. GAAP.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section titled "Selected Consolidated Financial and Other Data" and the consolidated financial statements and related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" included elsewhere in this prospectus.

Overview

We operate the largest online global marketplace that enables businesses to find and work with highly-skilled freelancers as measured by GSV. Freelancers are an increasingly sought-after, critical, and expanding segment of the global workforce. In the twelve months ended June 30, 2018, our platform enabled \$1.56 billion of GSV across 2.0 million projects between approximately 375,000 freelancers and 475,000 clients in over 180 countries. We define freelancers as users of our platform that advertise and provide services to clients through our platform, and we define clients as users of our platform that work with freelancers through our platform. The freelancers on our platform include independent professionals and agencies of varying sizes. The clients on our platform range in size from small businesses to Fortune 500 companies.

Our platform reduces inefficiencies associated with searching for, contracting and collaborating with, and paying highly-skilled freelancers for short-term and longer-term projects. As early innovators in this space, we have built an expansive and unique repository of data on our platform, which, when combined with our machine learning capabilities, enables us to better connect clients with the best freelancers for their projects. As a result, clients are able to obtain specialized talent in less time and at a lower cost compared to traditional channels.

Our company was formed when two of the earliest innovators in driving the adoption of online work and the largest online talent marketplaces at the time, Elance and oDesk, combined in 2014. Since the combination, we have continued to innovate our offerings and achieved key business milestones that have driven our GSV, revenue, core client growth, and freelancer growth. Highlights of our history, innovation, and operational achievements include:

- In 1998 and 2003, Elance and oDesk, respectively, were founded as online talent marketplaces.
- In 2010, oDesk surpassed \$100.0 million in annual GSV.
- In 2011, Elance surpassed \$100.0 million in annual GSV.
- In 2014, our company was formed when Elance and oDesk combined.
- In 2015:
 - We relaunched as "Upwork," and we began integrating the Elance and oDesk platforms.
 - We surpassed \$1.0 billion in annual GSV.
- In 2016:
 - We began operating under a single platform following completion of the integration.
 - We launched our Upwork Enterprise offering and started building our enterprise sales team.
 - We changed our pricing model to a tiered service fee for freelancers and introduced client fees.
 - We achieved positive adjusted EBITDA.
- In 2017:
 - We launched our U.S.-to-U.S. domestic offering.

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- We surpassed \$1.3 billion in annual GSV.
- As of December 31, 2017, we had surpassed \$6.5 billion in cumulative GSV (including GSV from Elance and oDesk).

We serve as a powerful marketing channel for freelancers to find rewarding, engaging, and flexible work. Freelancers using our platform benefit from access to quality clients and secure and timely payments while enjoying the freedom to run their own businesses, create their own schedules, and work from their preferred locations. Moreover, freelancers have real-time visibility into opportunities that are highest in demand, so that they can invest their time and focus on developing sought-after skills.

Our platform provides clients with fast, secure, and efficient access to high-quality talent with over 5,000 skills across over 70 categories, such as content marketing, customer service, data science and analytics, graphic design, mobile development, sales, and web development. We offer a direct-to-talent approach, reducing reliance on intermediaries such as staffing firms, recruiters, and traditional agencies while providing features that help instill trust in remote work. Our platform also enables clients to streamline workflows, such as talent sourcing, outreach, and engagement. In addition, our platform provides access to essential functionality for remote engagements, including communication and collaboration, time tracking, invoicing, and payments.

In 2016 and 2017, GSV on our platform was \$1.15 billion and \$1.37 billion, respectively, representing an annual growth rate of 20%. For the six months ended June 30, 2017 and 2018, GSV on our platform was \$643.2 million and \$834.5 million, respectively, representing a period-over-period growth rate of 30%. For the twelve months ended June 30, 2018, GSV on our platform was \$1.56 billion. In 2016 and 2017, our total revenue was \$164.4 million and \$202.6 million, respectively, representing an annual growth rate of 23%. For the six months ended June 30, 2017 and 2018, our total revenue was \$95.5 million and \$121.9 million, respectively, representing a period-over-period growth rate of 28%. For the twelve months ended June 30, 2018, our total revenue was \$228.9 million. In 2016 and 2017, our marketplace revenue was \$138.5 million and \$178.0 million, respectively, representing an annual growth rate of 29%. For the six months ended June 30, 2017 and 2018, our marketplace revenue was \$83.9 million and \$107.4 million, respectively, representing a period-over-period growth rate of 28%. We have made significant investments to grow our business, including in sales and marketing, research and development, operations, and personnel. As a result, we generated net losses of \$16.2 million and \$4.1 million in 2016 and 2017, respectively, and generated net income of \$1.4 million for the six months ended June 30, 2017 and a net loss of \$7.2 million for the six months ended June 30, 2018. Our adjusted EBITDA was \$1.3 million and \$7.9 million in 2016 and 2017, respectively, and \$7.0 million and \$0.3 million for the six months ended June 30, 2017 and 2018, respectively. See the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures” for information regarding our use of adjusted EBITDA and a reconciliation of net loss to adjusted EBITDA.

Our Business Model



As a marketplace, we seek to attract and retain users by providing a platform that facilitates contracting and payment for projects. Our platform allows freelancers to run their businesses seamlessly and allows clients to

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find and work with high-quality talent on a global basis. We generate a majority of our revenue from fees charged to freelancers. For our Upwork Standard offering, clients engage freelancers under contracts that both parties agree to on our platform. The pricing negotiated between freelancers and clients is agreed upon in U.S. dollars. There are two types of contracts: hourly and fixed price.

We also generate revenue through fees charged to clients for transacting payments through our platform as well as foreign currency exchange, and premium offerings, such as Upwork Enterprise, Upwork Pro, and Upwork Payroll.

Our Upwork Enterprise and other premium offerings, which are primarily designed for larger clients, include access to additional product features, premium access to top talent, professional services, custom reporting, and invoicing on a monthly basis. For the Upwork Enterprise offering, we charge a monthly or annual subscription fee and a client service fee calculated as a percentage of the client's spend on freelancer services. Additionally, Upwork Enterprise clients can opt to subscribe to an offering that includes worker classification services for an additional fee. Upwork Enterprise clients may also choose to use our platform to engage freelancers that were not sourced through our platform for a lower fee percentage.

In addition, we provide a managed services offering where we engage freelancers to complete projects, directly invoice the client, and assume responsibility for work performed by the freelancers. Under U.S. GAAP, we are deemed to be the principal in these managed services arrangements, and, therefore, recognize the entire GSV of managed services projects, including the amounts paid to freelancers, as managed services revenue. Our managed services revenue decreased in 2017 as compared to 2016 as we focused our efforts on our marketplace offerings, and our client using the managed services offering used less of these services. For the six months ended June 30, 2018, our managed services revenue increased as compared to the six months ended June 30, 2017, as we invested additional resources to increase the spend by our client using the managed services offering.

In 2017 and the six months ended June 30, 2018, approximately 80% of our GSV was generated from clients with fewer than 100 employees, with the balance generated from businesses with 100 or more employees. More than 1,400 clients each spent over \$100,000 for freelancer services on our platform in 2017.

As a global platform that connects freelancers and clients regardless of their location, our GSV originates from around the world. In 2017, our GSV was \$1.37 billion. Approximately 19% of our GSV in 2017 was generated from U.S. freelancers, our largest freelancer geography. Some of our other largest freelancer geographies include India and the Philippines. Approximately 67% of our GSV in 2017 was generated from U.S. clients, with clients in no other country representing more than 10% of our GSV. We believe U.S. clients will continue to drive growth by engaging freelancers globally, particularly freelancers in the United States where there are various efficiencies associated with same-country engagements, such as cultural and contractual norms, time zones, and language.

Key Financial and Operational Metrics

We monitor the following key financial and operational metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions (in thousands, except percentages):

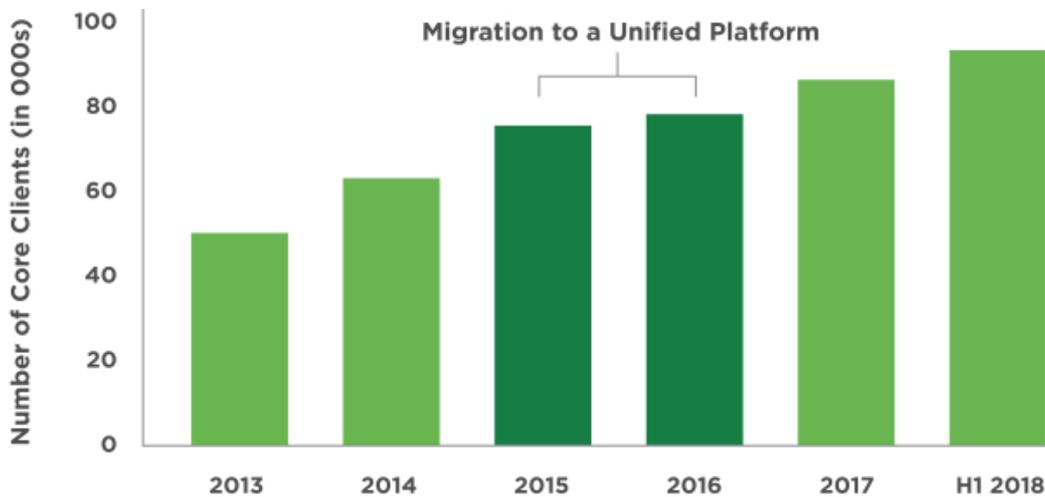
	As of or for the Year Ended December 31,		As of or for the Six Months Ended June 30,	
	2016	2017	2017	2018
Core clients	76.5	86.4	78.6	95.7
Gross services volume (GSV)	\$ 1,148,363	\$ 1,373,161	\$ 643,155	\$ 834,532
Client spend retention	85%	99%	92%	106%
Marketplace revenue	\$ 138,484	\$ 178,046	\$ 83,938	\$ 107,413
Adjusted EBITDA	\$ 1,260	\$ 7,909	\$ 7,018	\$ 256

We believe these key financial and operational metrics are useful to evaluate period-over-period comparisons of our business and in understanding our operating results. The number of core clients in any given period drives both GSV, which represents the amount of business transacted through our platform, and client spend retention. Client spend retention impacts the growth rate of GSV. We believe our marketplace revenue, which represents a majority of our revenue, will grow as GSV grows, although they could grow at different rates. For a discussion of limitations in the measurement of core clients, GSV, and client spend retention, see “Risk Factors—We track certain performance metrics with internal tools and do not independently verify such metrics. Certain of our performance metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.”

Core Clients

We define a core client as a client that has spent in the aggregate at least \$5,000 since it began using our platform and also had spend activity during the twelve months preceding the date of measurement. This includes the total amount spent by the client on both the Elance and oDesk platforms for the periods prior to the consolidation of the two platforms. We believe \$5,000 is an important spend milestone as it indicates that the client is actively using our platform. Historically, these core clients have been more likely to continue using our platform, and, for 2017 and the six months ended June 30, 2018, represented approximately 80% of our GSV. We believe that the number of core clients is a key indicator of our growth and the overall health of our business because core clients are a primary driver of GSV, and, therefore, marketplace revenue.

Following the combination of Elance and oDesk in 2014, we enhanced and refreshed the oDesk legacy platform and, in May 2015, relaunched it as the Upwork platform. In August 2015, we began enabling clients, freelancers, and their projects to migrate from the Elance platform to the new Upwork platform. This migration to the unified Upwork platform resulted in a short-term negative impact on growth of core clients as some users did not transition to the Upwork platform. The chart below shows the reduced growth rate of the number of core clients between 2015 and 2016. We believe, however, this one-time platform consolidation resulted in a larger, more liquid marketplace, including access to more jobs for freelancers and skills and expertise for clients, and provided us with significant cost efficiencies.



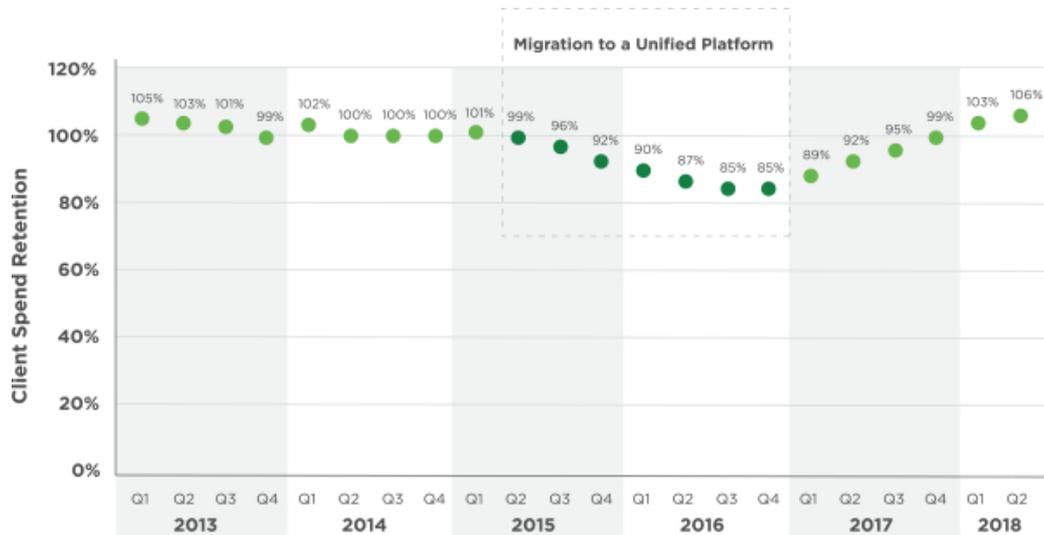
Gross Services Volume

Gross services volume, or GSV, includes both client spend and additional fees charged for other services. Client spend—the total amount that clients spend on both our marketplace offerings and our managed services offering—is the primary component of our GSV. GSV also includes additional fees charged by us for other services, such as freelancer withdrawals and foreign currency exchange.

GSV is an important metric because it represents the amount of business transacted through our platform. Growth in the number of core clients and increased client spend retention are the primary drivers of GSV growth. In addition, our marketplace revenue is primarily comprised of the service fees paid by freelancers as a percentage of the total amount freelancers charge clients for services accessed through our platform. Therefore, marketplace revenue is correlated to GSV, and we believe that our marketplace revenue will grow as GSV grows, although they could grow at different rates. For example, in 2016 and 2017, GSV on our platform was \$1.15 billion and \$1.37 billion, respectively, representing an annual growth rate of 20%, while marketplace revenue was \$138.5 million and \$178.0 million, respectively, representing an annual growth rate of 29%. We expect our GSV growth rates to fluctuate between periods due to a number of factors, including the volume and characteristics of projects that are posted by clients on our platform, such as size, duration, pricing, and the factors described below under the section titled “—Factors Affecting our Performance.”

Client Spend Retention

We calculate client spend retention by dividing our recurring client spend by our base client spend. We define base client spend as the aggregate client spend from all clients during the four quarters ended one year prior to the date of measurement. We define our recurring client spend as the aggregate client spend during the four quarters ended on the date of measurement from the same clients included in our measure of base client spend. Our business is recurring in nature even though clients are not contractually required to spend on a recurring basis. As shown in the chart below, we experienced a decrease in client spend retention during 2015 and 2016 due to some users not transitioning from the Elance platform to the Upwork platform following the one-time platform consolidation, which commenced in August 2015. Our client spend retention returned to pre-consolidation levels in the quarter ended December 31, 2017, and was above average pre-consolidation levels in the quarters ended March 31, 2018 and June 30, 2018. We believe that client spend retention is a key indicator of the value of our platform and the overall health of our business because it impacts the growth rate of GSV, and, therefore, marketplace revenue.



As of June 30, 2018, client spend retention was 106%, while we retained 58% of all clients and 83% of core clients. We believe client spend retention, rather than the absolute number of clients that we retain between periods, is more meaningful to evaluate period-to-period comparisons of our business and understand our operating results. Most of our clients have spent less than \$5,000, in aggregate, during their lifetime on the platform and are therefore not considered core clients. For example, in 2017, approximately 20% of the clients that used our platform were considered core clients, and those core clients represented approximately 80% of our GSV. Therefore, we can lose a significant number of non-core clients in any given period without experiencing a significant impact on our client spend retention, GSV or marketplace revenue. Conversely, if we lost a small number of core clients, each with a significant amount of client spend, this will be reflected in lower client spend retention, which would negatively impact GSV and marketplace revenue. Therefore, we believe the amount of client spend that we retain between periods is a more meaningful metric because it directly impacts our GSV and, therefore, marketplace revenue. Accordingly, we believe that client spend retention is a more useful indicator of the health of our business and therefore we do not believe that a disparity between client spend retention and number of clients retained is a limitation on the usefulness of the client spend retention metric.

The growth in our marketplace is driven by long-term and recurring use by freelancers and clients, which leads to increased revenue visibility for us. While continued use of our platform by freelancers is a factor that impacts our ability to attract and retain clients, our platform currently has a significant surplus of freelancers in relation to the number of clients actively engaging freelancers. For example, in 2017, approximately 375,000 freelancers completed projects through our platform and every day on average approximately 10,000 independent professionals and agencies applied to join our platform. On the client side, in 2017, we had 86,400 core clients, which represented approximately 80% of our GSV. As a result of this surplus of freelancers relative to core clients, we primarily focus our efforts on retaining client spend and acquiring new clients as opposed to acquiring new freelancers and retaining existing freelancers. Moreover, we generate revenue when clients engage and pay freelancers and therefore our key metrics and operating results are directly impacted by client spend. On the other hand, the number of freelancers retained between periods is merely one of many factors that may impact client spend in a particular period and is not directly related to our key metrics and operating results. For these reasons, we do not calculate or track freelancer retention metrics in order to manage our business.

Marketplace Revenue

Marketplace revenue, which represents the majority of our revenue, consists of revenue derived from our Upwork Standard, Upwork Enterprise, and other premium offerings. We generate marketplace revenue from both freelancers and clients. Our marketplace revenue is primarily comprised of the service fees paid by freelancers as a percentage of the total amount freelancers charge clients for services accessed through our platform. In addition, we generate marketplace revenue from our Upwork Standard offering by charging clients a payment processing and administration fee. We also generate marketplace revenue for other services, such as foreign currency exchange and premium offerings. Marketplace revenue is an important metric because it is the primary driver of our business model, and we believe it provides greater comparability to other online marketplaces. The growth rate of marketplace revenue fluctuates in relation to the growth rate of GSV. Therefore, marketplace revenue is correlated to GSV, and we believe that our marketplace revenue will grow as GSV grows, although they could grow at different rates.

Adjusted EBITDA

We define adjusted EBITDA as net loss adjusted for stock-based compensation expense, depreciation and amortization, interest expense, other (income) expense, net, and provision for (benefit from) income taxes. See the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures” for information on our use of adjusted EBITDA and a reconciliation of net loss to adjusted EBITDA.

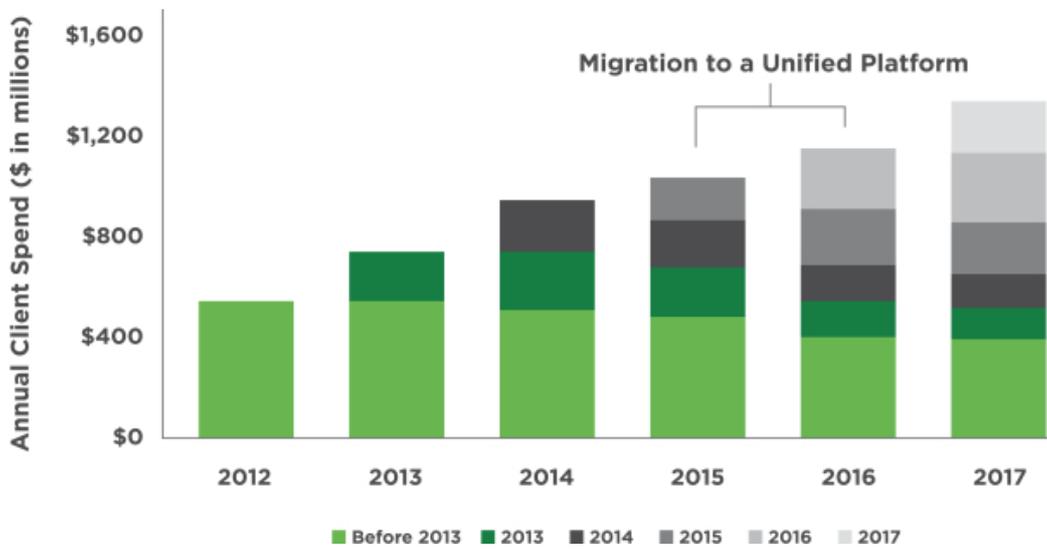
Factors Affecting Our Performance

Adoption of Freelance Work

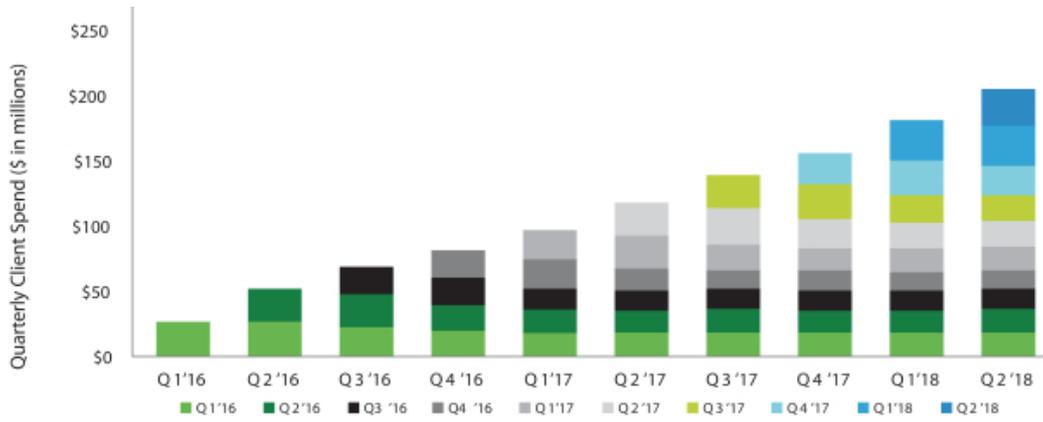
We believe that the inefficiencies in the labor market have created a significant opportunity for online global marketplaces for freelance work, and that as a result of challenges facing the labor market, we have a large market opportunity. However, any acceleration, or slowing, of the growth in the market for freelancers could affect our operating and financial performance, and our success will continue to depend on the willingness of businesses to engage freelancers. In addition, fluctuations in macroeconomic conditions could impact the overall demand for freelancers. While the impacts to our business of a macroeconomic downturn are uncertain, we believe such a downturn may increase the pace at which freelance work is adopted as businesses may turn to faster, project-based, more cost-effective, and less restrictive ways of addressing their talent needs. Alternatively, businesses may elect to focus on utilizing their existing employees to a greater degree as they adjust to macroeconomic conditions.

Retention and Growth of Client Spend

Our growth has been driven in significant part by retaining client spend from existing clients as we grow our client base. As illustrated in the first chart below, we have been able to retain client spend over long periods of time with clients in historical cohorts continuing to spend on our platform. We identify a cohort of clients based on the period in which the client first spends on our platform. In 2017 and the six months ended June 30, 2018, almost 50% of client spend was from clients that had used our platform for longer than three years. Additionally, over time we generally have been able to grow total client spend. Additionally, each new annual cohort spend has exceeded the prior year’s new cohort spend, except for 2015, which was impacted by the Elance migration. For example, in 2014, client spend from new clients was \$210.4 million; in 2016 and 2017, client spend from new clients was \$222.4 million and \$237.9 million, respectively.



The next chart illustrates the performance of our client cohorts in the ten sequential quarters ended June 30, 2018. As illustrated in the chart, in their fourth quarter on our platform, these client cohorts spent approximately 70% of what they spent in their first quarter on our platform, and maintained approximately that same level of spend in subsequent quarters thereafter. While we have many clients join our platform on a non-recurring basis, the clients that have recurring spend tend to increase their spend with us over time.



Investments in Growth

We intend to continue to make focused investments to grow our revenue and scale operations to support that growth. We plan to invest in marketing to increase our brand awareness through both online and offline channels. We also plan to invest in enhancing our U.S.-to-U.S. domestic offering, building other domestic-to-domestic marketplaces internationally on our platform, broadening and deepening the categories on our platform, and expanding our Upwork Enterprise offering. We are undertaking such investments to capitalize on the increasing adoption by businesses of freelancers, but as cost of revenue, operating expenses, and capital expenditures fluctuate over time, we may experience short-term, negative impacts to our operating results and cash flows.

Components of Our Results of Operations

Revenue

Marketplace Revenue. Marketplace revenue is generated from our Upwork Standard, Upwork Enterprise, and other premium offerings. Under our Upwork Standard offering, we generate revenue from both freelancers and clients. Marketplace revenue, which represents the majority of our total revenue, is primarily comprised of the service fees paid by freelancers as a percentage of the total amount that freelancers charge clients for services accessed through our platform. For our Upwork Standard offering, we have a tiered freelancer service fee schedule based on cumulative lifetime billings by the freelancer to each client. Freelancers on our Upwork Standard offering typically pay us 20% of the first \$500, 10% for the next \$9,500, and then 5% for any amount over \$10,000 they bill to each client through our platform. Prior to June 2016, we typically charged a flat 10% fee to freelancers. We also generate revenue from freelancers through withdrawal and other fees, which are currently immaterial.

In addition, we generate marketplace revenue from our Upwork Standard offering by charging clients a payment processing and administration fee, which we introduced in June 2016. Clients using our Upwork Standard offering pay either 2.75% of their client spend or a flat fee of \$25 per month for unlimited payment transactions with qualifying payment methods. We also generate revenue from foreign currency exchange fees from clients, which are currently immaterial.

Our Upwork Enterprise offering and other premium offerings, which are designed for larger clients, include access to additional product features, premium access to top talent, professional services, custom reporting, and invoicing on a monthly basis. For our Upwork Enterprise offering, we charge clients a monthly or annual subscription fee and a service fee calculated as a percentage of the client’s spend on freelancer services, in addition to the service fees paid by freelancers. Additionally, Upwork Enterprise clients can also subscribe to a compliance offering that includes worker classification services for an additional fee. Upwork Enterprise clients may also choose to use our platform to engage freelancers that were not sourced through our platform for a lower fee percentage.

One of our premium offerings, Upwork Payroll, is offered to clients whose freelancers are classified as employees for engagements on our online marketplace. The client enters into an Upwork Payroll agreement with us, and we separately contract with unrelated third-party staffing providers who provide employment services to such clients. Revenue from Upwork Payroll is currently immaterial.

Managed Services Revenue. Through our managed services offering, we are responsible for providing services and engaging freelancers directly or as employees of third-party staffing providers to perform services on our behalf. The freelancers delivering managed services include independent professionals and agencies of varying sizes. Under U.S. GAAP, we are deemed to be the principal in these managed services arrangements, and therefore, recognize the entire GSV of managed services projects as managed services revenue, as compared to recognizing only the percentage of the client spend that we receive, as we do with our marketplace offerings.

Cost of Revenue and Gross Profit

Cost of Revenue. Cost of revenue consists primarily of the cost of payment processing fees, amounts paid to freelancers to deliver services for the client under our managed services offering, personnel-related costs for our services and support personnel, third-party hosting fees for our use of AWS, and the amortization expense associated with acquired intangibles and capitalized internal-use software and platform development. We define personnel-related costs as salaries, bonuses, benefits, travel and entertainment, and stock-based compensation costs for employees and the costs related to other service providers we engage.

We expect cost of revenue to increase in absolute dollars in future periods due to higher payment processing fees, third-party hosting fees, and personnel-related costs in order to support additional transaction volume on our platform. Amounts paid to freelancers to deliver services under our managed services offering are tied to the volume of managed services used by our client. The level and timing of all of these items could fluctuate and affect our cost of revenue in the future.

Gross Profit and Gross Margin. Our gross profit and gross margin may fluctuate from period-to-period. Such fluctuations may be influenced by our revenue, timing and amount of investments to expand hosting capacity, our continued investments in our services and support teams, the timing and amount of services freelancers deliver for clients under our managed services offering, and the amortization expense associated with acquired intangibles and capitalized internal-use software and platform development cost. In addition, gross margin will be impacted by fluctuations in our revenue mix between marketplace revenue and our managed services revenue.

Operating Expenses

Research and Development. Research and development expense primarily consists of personnel-related costs and third-party hosting costs related to development. Research and development costs are expensed as incurred, except to the extent that such costs are associated with internal-use software and platform development that qualifies for capitalization. We believe continued investments in research and development are important to attain our strategic objectives, and expect research and development expense to increase in absolute dollars, but this expense may vary as a percentage of total revenue, for the foreseeable future.

Sales and Marketing. Sales and marketing expense consists primarily of expenses related to personnel-related costs, including sales commissions, which we expense as they are incurred, and advertising and marketing activities. In 2017, we increased our marketing expenditures by investing in outdoor and radio advertising to drive greater brand awareness. Further, to grow our Upwork Enterprise offering, we hired additional sales personnel in 2017, with many of them starting late in the year. We intend to continue to invest in our sales and marketing capabilities in the future and expect this expense to increase in absolute dollars in future periods. Sales and marketing expense as a percentage of total revenue may fluctuate from period-to-period based on total revenue levels and the timing of our investments in our sales and marketing functions as these investments may vary in scope and scale over future periods.

General and Administrative. General and administrative expense consists primarily of personnel-related costs for our executive, finance, legal, human resources, and operations functions. General and administrative expense also includes outside consulting, legal, and accounting services, and insurance.

We expect to invest in corporate infrastructure and incur additional expenses associated with transitioning to and operating as a public company, including increased legal and accounting costs, investor relations costs, higher insurance premiums, and compliance costs. As a result, we expect general and administrative expense to increase in absolute dollars in future periods, but this expense may vary as a percentage of total revenue.

Provision for Transaction Losses. Provision for transaction losses consists primarily of losses resulting from fraud and bad debt expense associated with our trade and client receivables balance and transaction losses associated with chargebacks. Provisions for these items represent estimates of losses based on our actual historical incurred losses and other factors. As result, we expect provision for transaction losses to vary in future periods.

Interest Expense

Interest expense consists of interest on our outstanding borrowings.

Other (Income) Expense, Net

Other (income) expense, net consists primarily of gains and losses from foreign currency exchange transactions and expenses resulting from the revaluation of our warrant liability. Our warrant liability will be converted to additional paid-in capital upon the completion of this offering.

Income Tax Benefit (Provision)

We account for income taxes in accordance with the liability method. Under the liability method, deferred assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases. The provision for income taxes is comprised of the current tax liability and the change in deferred tax assets and liabilities. We establish a valuation allowance to the extent that it is more likely than not that deferred tax assets will not be recoverable against future taxable income.

Deferred tax assets and liabilities are measured using the enacted tax rates that will be in effect for the years in which those tax assets are expected to be realized or settled. We regularly assess the likelihood that deferred tax assets will be realized from recoverable income taxes or recovered from future taxable income based on the realization criteria set forth in the relevant authoritative guidance. To the extent that we believe any amounts are less likely than not to be realized, we record a valuation allowance to reduce our deferred tax assets. The realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. If we subsequently realize deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance would be reversed, resulting in an adjustment to earnings in the period such determination is made.

In addition, the calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize potential liabilities based on an estimate of whether, and the extent to which, additional taxes will be due. We account for uncertain tax positions in accordance with the relevant guidance, which prescribes a recognition threshold and measurement approach for uncertain tax positions taken or expected to be taken in our income tax return, and also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The guidance utilizes a two-step approach for evaluation of uncertain tax positions. The first step is to determine if the weight of available evidence indicates a tax position is more likely than not to be sustained upon audit. The second step is to measure the tax benefit as the largest amount, which is more likely than not to be realized on ultimate settlement. A liability is reported for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. Any interest and penalties related to unrecognized tax benefits are recorded as income tax expense.

Results of Operations

The following tables set forth our consolidated results of operations in dollars and as a percentage of total revenue for the periods presented:

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands)			
Revenue:				
Marketplace	\$138,484	\$178,046	\$83,938	\$107,413
Managed services	25,961	24,506	11,593	14,486
Total revenue	164,445	202,552	95,531	121,899
Cost of revenue ⁽¹⁾	62,578	65,443	30,953	40,074
Gross profit	101,867	137,109	64,578	81,825
Operating expenses:				
Research and development ⁽¹⁾	37,902	45,604	21,005	26,303
Sales and marketing ⁽¹⁾	37,437	53,044	23,701	36,087
General and administrative ⁽¹⁾	35,446	37,334	16,463	22,395
Provision for transaction losses	5,550	4,250	1,784	2,720
Total operating expenses	116,335	140,232	62,953	87,505
Income (loss) from operations	(14,468)	(3,123)	1,625	(5,680)
Interest expense	858	960	430	1,085
Other (income) expense, net	908	62	(185)	422
Income (loss) before income taxes	(16,234)	(4,145)	1,380	(7,187)
Income tax benefit (provision)	1	22	(11)	(9)
Net income (loss)	<u>\$ (16,233)</u>	<u>\$ (4,123)</u>	<u>\$ 1,369</u>	<u>\$ (7,196)</u>

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

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands)			
Cost of revenue	\$ 193	\$ 290	\$ 193	\$ 105
Research and development	1,820	1,797	839	1,088
Sales and marketing	1,052	1,299	655	671
General and administrative	4,201	3,460	1,604	1,817
Total	<u>\$7,266</u>	<u>\$6,846</u>	<u>\$3,291</u>	<u>\$3,681</u>

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(as percentage of total revenue)			
Revenue:				
Marketplace	84%	88%	88%	88%
Managed services	16	12	12	12
Total revenue	100	100	100	100
Cost of revenue	38	32	32	33
Gross profit	62	68	68	67
Operating expenses:				
Research and development	23	23	22	22
Sales and marketing	23	26	25	30
General and administrative	22	18	17	18
Provision for transaction losses	3	2	2	2
Total operating expenses	71	69	66	72
Income (loss) from operations	(9)	(1)	2	(5)
Interest expense	1	1	1	1
Other (income) expense, net	—	—	—	—
Income (loss) before income taxes	(10)	(2)	1	(6)
Income tax benefit (provision)	—	—	—	—
Net income (loss)	(10)%	(2)%	1%	(6)%

Comparison of the Six Months Ended June 30, 2017 and 2018

Revenue

	Six Months Ended June 30,			% Change
	2017	2018	\$ Change	
	(dollars in thousands)			
Marketplace	\$83,938	\$107,413	\$23,475	28%
Percentage of total revenue	88%	88%		
Managed services	\$11,593	\$14,486	\$2,893	25%
Percentage of total revenue	12%	12%		
Total revenue	\$95,531	\$121,899	\$26,368	28%

Total revenue increased by \$26.4 million, or 28%, to \$121.9 million for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017.

Marketplace revenue represented 88% of total revenue for the six months ended June 30, 2018, an increase of \$23.5 million, or 28%, as compared to the six months ended June 30, 2017. Marketplace revenue increased primarily due to an increase in GSV. GSV grew by 30% period-over-period, primarily driven by a 22% increase in the number of core clients, and higher client spend retention, which increased from 92% as of June 30, 2017 to 106% as of June 30, 2018. Additionally, the number of projects increased 12% from approximately 1.0 million in the six months ended June 30, 2017 to approximately 1.1 million in the six months ended June 30, 2018. We believe these increases were primarily due to investments in marketing to acquire new clients and drive brand awareness and research and development to build new product features. Additionally, late in the second quarter of 2016, we introduced a client payment processing and administration fee that generated \$13.3 million of revenue in the six months ended June 30, 2017 and \$16.8 million of revenue in the six months ended June 30, 2018.

Managed services revenue represented 12% of total revenue for the six months ended June 30, 2018 as compared to 12% for the six months ended June 30, 2017. The increase of \$2.9 million, or 25%, was primarily

due to an increase in the amount of freelancer services engaged by a client through our managed services offering.

Cost of Revenue and Gross Margin

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2018</u>		
	(dollars in thousands)			
Cost of revenue	\$ 30,953	\$ 40,074	\$ 9,121	29%
Components of cost of revenue:				
Costs of freelancer services to deliver managed services	9,583	12,052	2,469	26%
Other components of cost of revenue	21,370	28,022	6,652	31%
Total gross margin	68%	67%		

Cost of revenue increased by \$9.1 million, or 29%, for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. The increase was primarily due to increases of \$3.4 million in payment processing fees due to an increase in client spend on our platform, \$1.9 million in third-party hosting costs, and \$1.2 million in personnel-related costs due to an increase in personnel to support our growth. Costs of freelancer services to deliver managed services increased by 26% to \$12.1 million for the six months ended June 30, 2018 from \$9.6 million for the six months ended June 30, 2017. The increase was due to an increase of \$2.9 million, or 25%, in managed services revenue for the six months ended June 30, 2018 as compared with the same period in 2017. In general, the cost of freelancer services to deliver managed services is correlated to our managed services revenue.

Total gross margin was 67% for the six months ended June 30, 2018 compared to 68% in the six months ended June 30, 2017. The decrease in gross margin was due primarily to third-party hosting costs that grew at a slightly faster rate than total revenue.

Research and Development

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2018</u>		
	(dollars in thousands)			
Research and development	\$ 21,005	\$ 26,303	\$ 5,298	25%
Percentage of total revenue	22%	22%		

Research and development expense increased by \$5.3 million, or 25%, for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017 and was consistent as a percentage of total revenue. The increase was primarily due to an increase in personnel-related costs of \$5.7 million, driven by development of new products and features, and an increase of \$0.5 million in licensed software and \$0.4 million in facilities-related costs, partially offset by \$1.7 million of internal-use software costs that were capitalized.

Sales and Marketing

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2018</u>		
	(dollars in thousands)			
Sales and marketing	\$23,701	\$36,087	\$12,386	52%
Percentage of total revenue	25%	30%		

Sales and marketing expense increased by \$12.4 million, or 52%, for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. This increase was primarily due to increases of \$6.2 million in personnel-related costs to build out our enterprise sales team, including sales commissions that we expense as incurred, and \$4.9 million in marketing and advertising costs associated with online and local marketing programs to drive brand awareness and attract new users.

General and Administrative

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2018</u>		
	(dollars in thousands)			
General and administrative	\$ 16,463	\$ 22,395	\$ 5,932	36%
Percentage of total revenue	17%	18%		

General and administrative expense increased by \$5.9 million, or 36%, for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. This increase was primarily due to increases of \$3.4 million in personnel-related costs, which included adding additional personnel in our finance organization, \$1.2 million in facilities-related expenses and \$1.0 million in professional expenses related to us preparing to become a public company.

Provision for Transaction Losses

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2018</u>		
	(dollars in thousands)			
Provision for transaction losses	\$ 1,784	\$ 2,720	\$ 936	52%
Percentage of total revenue	2%	2%		

Provision for transaction losses increased \$0.9 million, or 52%, for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. This increase was primarily due to an increase in our outstanding trade and client receivables balance.

Interest Expense and Other (Income) Expense, Net

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2018</u>		
	(dollars in thousands)			
Interest expense	\$ 430	\$ 1,085	\$ 655	152%
Other (income) expense, net	(185)	422	607	328%

Interest expense increased \$0.7 million, or 152%, for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. This increase was due to an increase in outstanding borrowings in the six months ended June 30, 2018 as compared to the six months ended June 30, 2017, offset by a lower interest rate.

Other (income) expense, net increased \$0.6 million, or 328%, for the six months ended June 30, 2018 as compared to the six months ended 2017. This increase was primarily due to an increase of \$0.3 million resulting from the revaluation of our warrant liability and an increase of \$0.3 million in net losses from foreign currency transactions.

Comparison of the Years Ended December 31, 2016 and 2017

Revenue

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2016</u>	<u>2017</u>		
	(dollars in thousands)			
Marketplace	\$ 138,484	\$ 178,046	\$ 39,562	29%
Percentage of total revenue	84%	88%		
Managed services	\$ 25,961	\$ 24,506	\$(1,455)	(6)%
Percentage of total revenue	16%	12%		
Total revenue	<u>\$ 164,445</u>	<u>\$ 202,552</u>	<u>\$ 38,107</u>	23%

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Total revenue increased by \$38.1 million, or 23%, to \$202.6 million in 2017 as compared to 2016.

Marketplace revenue represented 88% of total revenue in 2017, an increase of \$39.6 million, or 29%, in 2017 as compared to 2016. Marketplace revenue increased primarily due to an increase in GSV. GSV grew by 20%, primarily driven by a 13% increase in the number of core clients, and higher client spend retention, which increased from 85% for the year ended December 31, 2016 to 99% for the year ended December 31, 2017. Additionally, the number of projects increased 13%, from over 1.6 million in 2016 to over 1.8 million in 2017. We believe these increases were primarily due to investments in marketing to acquire new clients and drive brand awareness and research and development to build new product features. Marketplace revenue also grew, to a lesser extent, due to the Upwork Standard pricing model change implemented in the second quarter of 2016.

We changed our Upwork Standard pricing model late in the second quarter of 2016 to implement a tiered freelancer service fee based on cumulative lifetime billings by the freelancer to each client. Previously, we had typically charged freelancers a flat 10% fee. The goal of the pricing change was to encourage longer-term relationships between freelancers and clients on our platform, allowing us to attract more projects, and to align client incentives with our incentives to use lower cost payment methods. Additionally, late in the second quarter of 2016, we introduced a client payment processing and administration fee that generated \$12.6 million of marketplace revenue in 2016 and \$27.9 million of marketplace revenue in 2017.

Managed services revenue represented 12% of total revenue in 2017 as compared to 16% in 2016. The decrease of \$1.5 million, or 6%, was primarily due to a decline in the amount of freelancer services used by the client using our managed services offering.

Cost of Revenue and Gross Margin

	Year Ended December 31,		\$ Change	% Change
	2016	2017		
Cost of revenue	\$ 62,578	\$ 65,443	\$ 2,865	5%
Components of cost of revenue:				
Costs of freelancer services to deliver managed services	21,051	19,986	(1,065)	(5)%
Other components of cost of revenue	41,527	45,457	3,930	9%
Total gross margin	62%	68%		

Cost of revenue increased by \$2.9 million, or 5%, in 2017 as compared to 2016. This increase was primarily due to increases of \$3.6 million in payment processing fees as a result of an increase in client spend on our platform, \$0.9 million in third-party hosting costs as a result of our transition to AWS and increased transaction volume on our platform, and \$2.9 million in personnel-related costs from an increase in personnel to support our growth, partially offset by a decrease of \$2.6 million in amortization of intangibles that related to developed technology and \$0.5 million in amortization that related to capitalized internal-use software and platform development. Costs of freelancer services to deliver managed services decreased by \$1.1 million, or 5%, due to a decline in the amount of freelancer services used by the client using our managed services offering. In general, the cost of freelancer services to deliver managed services is directly correlated to our managed services revenue.

Total gross margin improved from 62% in 2016 to 68% in 2017 primarily driven by the introduction of the payment processing and administration fee to clients in June 2016.

Research and Development

	Year Ended December 31,		\$ Change	% Change
	2016	2017		
Research and development	\$ 37,902	\$ 45,604	\$ 7,702	20%
Percentage of total revenue	23%	23%		

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Research and development expense increased by \$7.7 million, or 20%, in 2017 as compared to 2016 and was consistent as a percentage of total revenue at 23%. The increase was primarily due to an increase in personnel-related costs, driven by development of new products and features.

Sales and Marketing

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2016</u>	<u>2017</u>		
	(dollars in thousands)			
Sales and marketing	\$ 37,437	\$ 53,044	\$15,607	42%
Percentage of total revenue	23%	26%		

Sales and marketing expense increased by \$15.6 million, or 42%, in 2017 as compared to 2016. This increase was primarily due to increases of \$8.5 million in personnel-related costs to build out our enterprise sales team, including sales commissions that we expense as incurred, and \$6.2 million in marketing and advertising costs associated with online and local marketing programs to drive brand awareness and attract new users.

General and Administrative

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2016</u>	<u>2017</u>		
	(dollars in thousands)			
General and administrative	\$ 35,446	\$ 37,334	\$ 1,888	5%
Percentage of total revenue	22%	18%		

General and administrative expense increased \$1.9 million, or 5%, in 2017 as compared to 2016. This increase was primarily due to increases of \$2.8 million of personnel-related costs and \$0.5 million in audit and accounting-related costs in preparation to become a public company, partially offset by a \$1.1 million legal settlement resulting from a trademark dispute accrued in 2016.

Provision for Transaction Losses

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2016</u>	<u>2017</u>		
	(dollars in thousands)			
Provision for transaction losses	\$ 5,550	\$ 4,250	\$(1,300)	(23)%
Percentage of total revenue	3%	2%		

Provision for transaction losses decreased \$1.3 million, or 23%, in 2017 as compared to 2016. This decrease was primarily due to improvements in managing transaction losses and chargebacks for fraud on our platform and bad debt expense associated with our trade and client receivables as we improved on collections from enterprise clients.

Interest Expense and Other (Income) Expense, Net

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2016</u>	<u>2017</u>		
	(dollars in thousands)			
Interest expense	\$ 858	\$ 960	\$ 102	12%
Other (income) expense, net	908	62	(846)	(93)%

Interest expense increased \$0.1 million, or 12%, in 2017 as compared to 2016. This increase was due to a higher amount of outstanding borrowings in 2017 as compared to 2016.

Other (income) expense, net decreased \$0.8 million, or 93%, in 2017 compared to 2016. This decrease was primarily due to a decrease of \$0.5 million in net losses from foreign currency transactions and a decrease of \$0.3 million in prepayment fees paid to a lender.

Quarterly Results of Operations

The following tables summarize our selected unaudited quarterly consolidated statements of operations data for each of the eight quarters in the period ended June 30, 2018. The information for each of these quarters has been prepared on a basis consistent with our audited financial statements and, in the opinion of management, includes all adjustments of a normal, recurring nature that are necessary for the fair statement of the results of operations for these periods in accordance with U.S. GAAP. The data should be read in conjunction with our audited financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected for a full year or in any future period.

	Three Months Ended							
	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018
	(in thousands)							
Revenue:								
Marketplace	\$37,328	\$38,195	\$40,860	\$43,078	\$46,186	\$47,922	\$51,959	\$55,454
Managed service	6,542	6,009	5,886	5,707	6,076	6,837	7,259	7,227
Total revenue	43,870	44,204	46,746	48,785	52,262	54,759	59,218	62,681
Cost of revenue	14,884	14,805	15,025	15,928	16,894	17,596	19,617	20,457
Gross profit	28,986	29,399	31,721	32,857	35,368	37,163	39,601	42,224
Operating expense:								
Research and development ⁽¹⁾	10,069	9,859	10,303	10,702	11,514	13,085	13,491	12,812
Sales and marketing ⁽¹⁾	8,845	10,964	12,327	11,374	13,626	15,717	19,673	16,414
General and administrative ⁽¹⁾	8,577	10,627	8,623	7,840	8,952	11,919	11,176	11,219
Provision for transaction losses	1,515	1,619	883	901	1,073	1,393	1,270	1,450
Total operating expenses	29,006	33,069	32,136	30,817	35,165	42,114	45,610	41,895
Income (loss) from operations	(20)	(3,670)	(415)	2,040	203	(4,951)	(6,009)	329
Interest expense	205	217	223	207	199	331	529	556
Other (income) expense, net	29	480	(160)	(25)	260	(13)	249	173
Income (loss) before income taxes	(254)	(4,367)	(478)	1,858	(256)	(5,269)	(6,787)	(400)
Income tax benefit (provision)	28	7	(9)	(2)	(45)	78	3	(12)
Net income (loss)	<u>\$ (226)</u>	<u>\$ (4,360)</u>	<u>\$ (487)</u>	<u>\$ 1,856</u>	<u>\$ (301)</u>	<u>\$ (5,191)</u>	<u>\$ (6,784)</u>	<u>\$ (412)</u>

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

	Three Months Ended							
	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018
	(in thousands)							
Cost of revenue	\$ 50	\$ 44	\$ 52	\$ 141	\$ 48	\$ 49	\$ 52	\$ 53
Research and development	281	470	461	378	432	526	550	538
Sales and marketing	226	226	267	388	312	332	340	331
General and administrative	955	1,662	830	774	734	1,122	946	871
Total	<u>\$ 1,512</u>	<u>\$ 2,402</u>	<u>\$ 1,610</u>	<u>\$ 1,681</u>	<u>\$ 1,526</u>	<u>\$ 2,029</u>	<u>\$ 1,888</u>	<u>\$ 1,793</u>

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The following table sets forth our unaudited quarterly consolidated results of operations data for each of the periods indicated as a percentage of total revenue:

	Three Months Ended							
	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018
Revenue:								
Marketplace	85%	86%	87%	88%	88%	88%	88%	88%
Managed service	15	14	13	12	12	12	12	12
Total revenue	100	100	100	100	100	100	100	100
Cost of revenue	34	33	32	33	32	32	33	33
Gross profit	66	67	68	67	68	68	67	67
Operating expense:								
Research and development	23	22	22	22	22	24	23	20
Sales and marketing	20	25	27	23	26	28	33	27
General and administrative	20	24	18	16	19	22	19	18
Provision for transaction losses	4	4	2	2	2	3	2	2
Total operating expenses	67	75	69	63	69	77	77	67
Income (loss) from operations	(1)	(8)	(1)	4	(1)	(9)	(10)	—
Interest expense	—	1	—	—	—	1	1	1
Other (income) expense, net	—	1	—	—	—	—	—	—
Income (loss) before income taxes	(1)	(10)	(1)	4	(1)	(10)	(11)	(1)
Income tax benefit (provision)	—	—	—	—	—	—	—	—
Net income (loss)	<u>(1)%</u>	<u>(10)%</u>	<u>(1)%</u>	<u>4%</u>	<u>(1)%</u>	<u>(10)%</u>	<u>(11)%</u>	<u>(1)%</u>

Quarterly Revenue, Cost of Revenue, Gross Profit, and Gross Margin Trends

Over the periods presented, we have experienced growth in total revenue. Our marketplace revenue has generally grown at a faster rate than our managed services revenue, and as a result the percentage of total revenue from our marketplace offering has either increased or stayed constant over the periods presented. Cost of revenue has generally grown at a slower rate than revenue. This improvement is due to the cost of payment processing growing slower than revenue as we introduced new pricing in the second quarter of 2016, the cost of freelancer services for managed services grew at a slower rate than total revenue as our marketplace revenue has become a larger part of our business. This improvement in cost of revenue has been offset by increased third-party hosting costs. As a result of cost of revenue growing slower than revenue over the periods presented our gross margin has improved.

Quarterly Expense Trends

We have historically invested in marketing spend in the first and fourth quarters to drive brand awareness and performance marketing. In the quarter ended December 31, 2017, we spent and expensed marketing dollars to develop an offline brand awareness campaign. We launched that campaign in the quarter ended March 31,

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2018, leading to an increase in marketing expenses in the quarter ended March 31, 2018. We also invested in hiring our enterprise sales team throughout 2017 and 2018. We invest in research and development at approximately the same rate as revenue growth and quarterly variations in the percentage of revenue allocated to research and development costs are due to variations in personnel costs and capitalized internal-use software and platform development cost. General and administrative expenses increased during the quarters ended December 31, 2016 and 2017 primarily related to increased headcount and professional services to support our growth and preparation to become a public company.

Interest expense increased starting in the quarter ended December 31, 2017 as we drew down an additional \$19.0 million under our Loan Agreement.

Financial and Operational Metrics

	Three Months Ended							
	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018
	(in thousands, except percentages)							
Core clients	77.0	76.5	77.2	78.6	82.6	86.4	91.0	95.7
Gross services volume (GSV)	\$ 289,372	\$ 295,246	\$ 311,134	\$ 332,021	\$ 353,495	\$ 376,511	\$ 402,248	\$ 432,284
Client spend retention	85%	85%	89%	92%	95%	99%	103%	106%
Marketplace revenue	\$ 37,328	\$ 38,195	\$ 40,860	\$ 43,078	\$ 46,186	\$ 47,922	\$ 51,959	\$ 55,454
Adjusted EBITDA	\$ 3,506	\$ (53)	\$ 2,257	\$ 4,761	\$ 2,762	\$ (1,871)	\$ (3,057)	\$ 3,313

The following table presents a reconciliation of net income (loss) to adjusted EBITDA, the most directly comparable financial measure prepared in accordance with U.S. GAAP, for each of the periods presented:

	Three Months Ended							
	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018
	(in thousands)							
Net income (loss)	\$ (226)	\$ (4,360)	\$ (487)	\$ 1,856	\$ (301)	\$ (5,191)	\$ (6,784)	\$ (412)
Add back (deduct):								
Stock-based compensation		1,512	2,401	1,611	1,680	1,526	2,029	1,888
Depreciation and amortization		2,014	1,216	1,061	1,041	1,033	1,051	1,191
Interest expense		205	217	223	207	199	331	529
Other (income) expense, net		29	480	(160)	(25)	260	(13)	249
Income tax (benefit) provision		(28)	(7)	9	2	45	(78)	(3)
Adjusted EBITDA	<u>\$ 3,506</u>	<u>\$ (53)</u>	<u>\$ 2,257</u>	<u>\$ 4,761</u>	<u>\$ 2,762</u>	<u>\$ (1,871)</u>	<u>\$ (3,057)</u>	<u>\$ 3,313</u>

Liquidity and Capital Resources

We have financed our operations and capital expenditures primarily through sales of convertible preferred stock, bank borrowings, and utilization of cash generated from operations in the period in which we generated cash flows from operations. As of June 30, 2018, we had \$31.3 million in cash.

We believe our existing cash, cash flow from operations, and amounts available for borrowing under the Loan Agreement will be sufficient to meet our working capital requirements for at least the next twelve months. To the extent existing cash, cash from operations, and amounts available for borrowing under the Loan Agreement are insufficient to fund future activities, we may need to raise additional funds. In the future, we may attempt to raise additional capital through the sale of equity securities or through equity-linked or debt financing arrangements. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of additional indebtedness, we may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions.

that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors. There can be no assurances that we will be able to raise additional capital. The inability to raise capital would adversely affect our ability to achieve our business objectives.

Escrow Funding Requirements

We offer escrow services to users of our platform. As such, we are licensed as an internet escrow agent and are therefore required to hold our users' escrowed cash and in-transit cash in trust as an asset and record a corresponding liability of escrow funds on behalf of freelancers and clients on our balance sheet. Escrow regulations require us to fund the trust with our parent company's operating cash if there is ever a shortage due to the timing of cash receipts from clients for completed hourly billings. Freelancers submit their billings for hourly contracts to their clients on a weekly basis every Sunday and the aggregate amount of such billings is added to escrow funds payable to freelancers on the same day. As of Sunday each week, we have not yet collected funds for hourly billings from clients as these funds are in transit. Therefore, every Sunday we fund any shortage of cash in trust with our own operating cash and collect this cash shortage from clients within the next several days. As a result, we expect our total cash and cash flows from operating activities to be impacted when a quarter ends on a Sunday, as occurred on December 31, 2017 and will occur on September 30, 2018, March 31, 2019, and June 30, 2019. As of December 31, 2017, funds held in escrow, including funds in transit, were \$87.2 million and we used \$13.4 million of our cash on December 31, 2017 to temporarily fund that one week of hourly billings.

Term and Revolving Loans

Loan Agreement. In September 2017, we entered into the Loan Agreement, which was amended in November 2017. The aggregate amount of the facility is up to \$49.0 million, consisting of a term loan of \$15.0 million, or the first term loan, a term loan of \$9.0 million, or the second term loan, and a revolving line of credit of up to \$25.0 million based on eligible trade and client accounts receivable. Contemporaneously, we used the proceeds of the term loan to pay off our outstanding borrowings under a prior loan and security agreement in the then- principal amount of \$14.0 million. The first term loan, second term loan, and revolving line of credit mature in March 2022, September 2022, and March 2020, respectively. The first term loan bears interest at the prime rate plus a spread of 0.25% per annum and has a repayment term of 18 months of interest-only payments ending in March 2019 followed by 36 equal monthly installments of principal plus interest. The second term loan bears interest at the prime rate plus a spread of 5.25% per annum and has a repayment term of eleven months of interest-only payments ending in October 2018, followed by 47 equal monthly installments of principal plus interest. If we achieve trailing six-month EBITDA of \$1.0 million for the period ending September 30, 2018, the interest-only repayment period will be extended to March 2019, followed by 42 equal monthly installments of principal plus interest. The revolving line of credit bears interest at the prime rate with accrued interest due monthly. In November 2017, we borrowed \$19.0 million under the Loan Agreement, which we used to repurchase shares of our capital stock from a then-existing stockholder. As of December 31, 2017 and June 30, 2018, we had \$24.0 million outstanding pursuant to the term loans and \$10.0 million outstanding pursuant to the revolving line of credit under the Loan Agreement.

Our obligations under the Loan Agreement are secured by substantially all of our assets excluding our intellectual property (but including proceeds therefrom) and the funds and assets held by Upwork Escrow. The Loan Agreement contains affirmative covenants, including financial covenants that, among other things, require us to maintain an adjusted quick ratio of not less than 1.3 and achieve certain EBITDA targets. The Loan Agreement also contains certain non-financial covenants. We were in compliance with the covenants under the Loan Agreement as of June 30, 2018.

Cash Flows

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

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands)			
Net cash provided by (used in) operating activities	\$ 3,148	\$ (4,001) ⁽¹⁾	\$ 9,077	\$ 10,403
Net cash used in investing activities	(475)	(2,111)	(810)	(3,342)
Net cash provided by (used in) financing activities	5,232	381	(1,339)	2,675
Net increase (decrease) in cash	\$ 7,905	\$ (5,731)	\$ 6,928	\$ 9,736

(1) We used \$13.4 million on December 31, 2017 to temporarily fund the trust account associated with our escrow services. See the section titled “—Liquidity and Capital Resources—Escrow Funding Requirements.”

Operating Activities

Our largest source of operating cash is revenue generated from our platform. Our primary uses of cash from operating activities are for personnel-related expenditures and third-party hosting costs. In addition, because we are licensed as an internet escrow agent, our total cash and cash provided by (used in) operating activities may be impacted by the timing of the end of our fiscal quarter as discussed in the section titled “—Liquidity and Capital Resources—Escrow Funding Requirements.”

Net cash provided by operating activities during the six months ended June 30, 2018 was \$10.4 million, which resulted from non-cash charges of \$2.3 million for depreciation and amortization, \$3.7 million for stock-based compensation, \$2.7 million for provision for transaction losses, \$0.4 million related to the change in fair value of our redeemable preferred stock warrant liability, and net cash inflows of \$8.5 million from changes in operating assets and liabilities, partially offset by a net loss of \$7.2 million. The net cash inflows from changes in operating assets and liabilities were primarily the result of increases of \$17.3 million in other liabilities and \$0.3 million in accounts payable, partially offset by an increase of \$0.6 million in prepaid expenses and other assets and an increase of \$8.6 million in trade and client receivables reflecting the last day of the quarter was a Saturday compared to a Sunday on December 31, 2017. On Sunday, December 31, 2017, trade and client receivables include the full week of marketplace accounts receivable for the last week of December. On Saturday, June 30, 2018, unbilled revenue reflects six days of the last week of June. In addition, the last week of June client spend was approximately 40% higher than the last week of December which magnified the scale of the timing effect.

Net cash provided by operating activities during the six months ended June 30, 2017 was \$9.1 million, which resulted from non-cash charges of \$2.1 million for depreciation and amortization, \$3.3 million for stock-based compensation, \$1.8 million for provision for transaction losses, net cash inflows of \$0.5 million from changes in operating assets and liabilities and net income of \$1.4 million. The net cash inflows from changes in operating assets and liabilities were primarily the result of increases of \$3.3 million in accrued expenses and other liabilities, \$0.7 million in accounts payable and \$0.2 million in deferred revenue, partially offset by a decrease of \$3.7 million in trade and client receivables.

Net cash used in operating activities during 2017 was \$4.0 million, which resulted from a net loss of \$4.1 million and net cash outflows of \$15.4 million from changes in operating assets and liabilities, offset by non-cash charges of \$6.8 million for stock-based compensation, \$4.3 million for provision for transaction losses, and \$4.2 million for depreciation and amortization. The net cash outflows from changes in operating assets and liabilities were primarily the result of increases of \$8.9 million in trade and client receivables and \$0.5 million in prepaid expenses and other assets and a decrease of \$6.1 million in accrued expenses and other liabilities. The increase in trade and client receivables was primarily because the last calendar day of 2017 (i.e., December 31, 2017) fell on a Sunday, requiring us to fund the shortage of cash in the trust until we collect this from clients over the next few days, and an increase in our trade and client receivables for our Upwork Enterprise clients, who pay

us on net terms. Due to the growth in revenue and the number of transactions on our platform, coupled with fluctuations of the timing of cash receipts from clients, our trade and client receivables may fluctuate in the future. The decrease in accrued expenses and other liabilities was primarily due to fluctuations in timing of cash payments.

Net cash provided by operating activities during 2016 was \$3.1 million, which resulted from non-cash charges of \$8.5 million for depreciation and amortization, \$7.3 million for stock-based compensation, and \$5.6 million for provision for transaction losses, partially offset by a net loss of \$16.2 million and net cash outflows of \$2.1 million from changes in operating assets and liabilities. The net cash outflows from changes in operating assets and liabilities were primarily the result of increases of \$8.3 million in trade and client receivables and \$0.5 million in prepaid expenses and other assets and a decrease of \$0.6 million in accounts payable, partially offset by increases of \$7.1 million in accrued expenses and other liabilities and \$0.2 million in deferred revenue. The increase in trade and client receivables and deferred revenue was primarily due to growth in revenue and the number of transactions on our platform as well as the timing of cash receipts from clients. The decrease in accounts payable and the increase in accrued expenses and other liabilities was primarily due to the timing of cash payments and increased activities to support overall business growth.

Investing Activities

Net cash used in investing activities during the six months ended June 30, 2018 was \$3.3 million, which resulted from capitalized internal-use software and platform development costs of \$1.9 million, purchases of property and equipment of \$1.3 million for leasehold improvements and furniture, and an increase of \$0.1 million in restricted cash related to cash reserve requirements under California escrow laws and regulations based on the transaction volume.

Net cash used in investing activities during the six months ended June 30, 2017 was \$0.8 million, which resulted from capitalized internal-use software and platform development costs of \$0.2 million and purchases of property and equipment of \$0.6 million.

Net cash used in investing activities during 2017 was \$2.1 million, which resulted from purchases of property and equipment of \$1.8 million and capitalized internal-use software and platform development costs of \$0.5 million, partially offset by a decrease of \$0.2 million in restricted cash related to cash collateral for letters of credit issued in conjunction with operating leases and foreign currency forward contracts.

Net cash used in investing activities during 2016 was \$0.5 million, which resulted from purchases of property and equipment of \$0.9 million, partially offset by a decrease of \$0.4 million in restricted cash related to the refund of a security deposit for new office space.

Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2018 was \$2.7 million primarily due to proceeds of \$4.3 million from the exercise of stock options, partially offset by \$1.6 million in deferred offering costs paid for our initial public offering.

Net cash used in financing activities during the six months ended June 30, 2017 was \$1.3 million primarily due to the repayment of \$3.0 million in borrowings, partially offset by proceeds of \$1.7 million from the exercise of stock options and a convertible preferred stock warrant.

Net cash provided by financing activities during 2017 was \$0.4 million primarily due to proceeds from the exercise of stock options, proceeds from borrowings of \$33.8 million, net of borrowing costs, under the Loan Agreement and \$2.8 million from the exercise of stock options and a convertible preferred stock warrant, offset by the repayment of \$17.0 million in borrowings under a prior loan and security agreement, and a repurchase by us of convertible preferred stock for \$19.2 million.

Net cash provided by financing activities during 2016 was \$5.2 million primarily due to net proceeds from borrowings of \$17.0 million under a prior loan and security agreement, partially offset by the repayment of \$12.0 million in borrowings under an earlier loan and security agreement.

Obligations and Other Commitments

Our principal commitments consist of obligations under our non-cancelable operating leases for office space and the Loan Agreement. The following tables summarize our contractual obligations as of December 31, 2017 and June 30, 2018:

	Payments due by period as of December 31, 2017				
	Total	Less than 1 Year	1 - 3 Years (in thousands)	3 - 5 Years	More Than 5 Years
Leases ⁽¹⁾	\$ 6,320	\$ 3,892	\$ 2,428	\$ —	\$ —
Debt principal	34,000	10,383	13,346	10,271	—
Total contractual obligations	\$40,320	\$14,275	\$ 15,774	\$ 10,271	\$ —

	Payments due by period as of June 30, 2018				
	Total	Less than 1 Year	1 - 3 Years (in thousands)	3 - 5 Years	More Than 5 Years
Leases ⁽¹⁾	\$ 4,488	\$ 3,924	\$ 564	\$ —	\$ —
Debt principal	34,000	12,782	20,644	574	—
Total contractual obligations	\$38,488	\$16,706	\$ 21,208	\$ 574	\$ —

⁽¹⁾ Represents minimum operating lease payments under operating leases for office facilities, excluding potential lease renewals, net of tenant improvement allowances.

In the ordinary course of business, we enter into contracts and agreements that contain a variety of representations and warranties and provide for indemnification. In addition, we have entered into indemnification agreements with our directors and executive officers and certain employees that require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as our directors, executive officers, or employees. The terms of such obligations may vary. To date, we have not paid any material claims or been required to defend any actions related to our indemnification obligations.

As of December 31, 2017 and June 30, 2018, we had accrued liabilities related to uncertain non-income tax positions based on management's best estimate of its liability, which are reflected on our consolidated balance sheet. We could be subject to examination in various jurisdictions related to income and non-income tax matters. The resolution of these types of matters, giving recognition to the recorded reserve, could have an adverse impact on our business.

Off-Balance Sheet Arrangements

As of December 31, 2017 and June 30, 2018, we did not have any relationships with other entities or financial partnerships such as entities often referred to as structured finance or special purpose entities that have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk

The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not make investments for trading or speculative purposes. Because our cash

has a relatively short maturity, our portfolio's fair value is relatively insensitive to interest rate changes. Borrowings under our Loan Agreement have variable interest rates. We had \$34.0 million of principal outstanding under our Loan Agreement as of December 31, 2017 and June 30, 2018. We do not believe that a hypothetical increase or decrease in interest rates of 100 basis points would have a material impact on our operating results or financial condition.

Foreign Currency Risk

Our operating results and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. In addition to the U.S. dollar, we offer clients the option to settle the invoices denominated in the U.S. dollar in Euro, the British Pound, the Australian dollar, or the Canadian dollar. When clients make payments in one of these currencies, we are exposed to foreign currency risk during the period between when payment is made and when the payment amounts settle. To mitigate this risk, we have entered into forward contracts. As such, the impact of foreign currency exchange rate fluctuations to our operating results have been insignificant to date.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors and adjust those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from these estimates and assumptions.

We believe estimates and assumptions associated with the evaluation of revenue recognition criteria, including the determination of revenue reporting as gross versus net in our revenue arrangements, internal-use software and platform development costs, fair values of stock-based awards, and income taxes have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Revenue Recognition

We primarily generate revenue from freelancers and clients from marketplace and managed services offerings.

We recognize revenue in accordance with ASC 605, *Revenue Recognition*, and related authoritative guidance. Under ASC 605, revenue is recognized when the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) fees are fixed or determinable; (iii) the collection of the fees is reasonably assured; and (iv) services have been rendered.

We report revenue in conformity with ASC 605-45, *Revenue Recognition-Principal Agent Considerations*. The determination of whether we are the principal or agent, and therefore whether to report revenue on a gross basis for the amount billed or on a net basis for the amount earned from each transaction, requires us to evaluate a number of indicators. We evaluate each separate unit of account for gross versus net as required.

We also report revenue in conformity with ASC 605-50, *Customer Payments and Incentives*. The determination of whether we should characterize consideration paid to customers as costs or a reduction to revenue requires us to evaluate whether the consideration paid has an identifiable separable benefit to us and is at fair value.

Marketplace

Our marketplace revenue is derived from both our Upwork Standard offering and our Upwork Enterprise and other premium offerings.

Upwork Standard

We earn fees from freelancers under our Upwork Standard offering as follows:

Service Fees. We provide freelancers access to our platform to perform specified services agreed between freelancers and clients. Freelancers charge clients on an hourly or a milestone basis for services accessed through our platform, which we refer to as freelancer billings. We charge freelancers a service fee as a percentage of freelancer billings using a tiered service fee model based on cumulative lifetime billings by the freelancer to each client. For service fees charged to freelancers, we recognize revenue on a net basis, as an agent, for providing access to our platform as we take no responsibility for the freelancer services, and therefore we are not considered the primary obligor for the freelancer services. We recognize the service fee as services are rendered.

Withdrawal Fees. We generate revenue from withdrawal fees from freelancers when the freelancers withdraw funds from their cash balances held with us. We charge a flat withdrawal fee for each withdrawal transaction and recognize that fee as it is earned for each transaction.

Membership and Connects Fees. We generate revenue from membership and connects fees from freelancers that are charged these fees in order to access additional features on our platform. Membership fees are recognized over the period of the membership, which is generally monthly, and connects fees are recognized as services are rendered.

We earn fees from clients under our Upwork Standard offering as follows:

Client Payment Processing and Administration Fee. We generate revenue from clients for payment processing fees at the time the client is charged for the amounts due from the client. We charge a fee per transaction or a flat monthly payment processing fee. Per-transaction payment processing fees are recognized when the client is charged for the amount due and fees charged on a monthly basis are recognized over the month that payment processing services are provided. For client payment processing fees, we earn revenue on a gross basis as a principal and not net of the third-party payment processing costs incurred because we are considered the primary obligor for payment processing and administration services and have the latitude to set the price with clients separate and apart from the fees we pay our third-party payment processors.

Foreign Currency Exchange and Upwork Payroll Service Fees. We generate revenue from foreign currency exchange fees from clients by charging a fixed mark-up above quoted foreign currency exchange rates when we collect amounts denominated in foreign currency. We generate revenue from Upwork Payroll service fees from clients paying for freelancer services when freelancers are classified as employees and are employed by third-party staffing providers.

Upwork Enterprise and Other Premium Offerings

We earn fees from freelancers under Upwork Enterprise and other premium offerings as follows:

Service Fees. We provide freelancers access to our platform to perform freelancer services for clients. We charge freelancers a service fee as a percentage of the total freelancer billings. We earn service fees based on a fixed percentage fee. For service fees charged to freelancers, we recognize revenue on a net basis, as an agent, for providing access to our platform as we take no responsibility for the freelancer services, and therefore we are not considered the primary obligor for the freelancer services. We recognize the service fee as services are rendered.

We earn fees from clients under Upwork Enterprise and other premium offerings as follows:

Client Service Fees. We offer clients access to our platform to source freelancers in exchange for a client service fee calculated as a percentage of the freelancer billings. We recognize the client service fees as services are rendered by the freelancers.

Enterprise Compliance Service Fees. We generate revenue from enterprise compliance service fees from clients under a compliance agreement with us to determine whether a freelancer should be classified as an employee or an independent contractor based on the scope of freelancer services agreed between the client and freelancer and other factors. We charge enterprise compliance service fees as a percentage of freelancer billings. We recognize revenue as services are rendered.

Subscription Fees. We generate revenue from monthly or annual subscription fees for subscription services that include additional service features, premium access to top talent, professional services, custom reporting, and invoicing. The revenue attribution is consistent with membership fees for our Upwork Standard offering.

Revenue Sharing Arrangements. For our Upwork Standard, Upwork Enterprise, and other premium offerings, we generate a revenue share as a percentage of the fees charged by certain financial institutions to the freelancers. We recognize revenue from these arrangements as they are earned, which is generally monthly based on the contractual terms.

Managed Services

Under a managed services arrangement, we are responsible for providing services and engaging freelancers directly or as employees of third-party staffing providers to perform the services on our behalf. We recognize revenue on a gross basis for amounts charged to the client based on our determination that we are deemed to be the primary obligor as we take responsibility and risk for these services completed for the client. We determine pricing for these services and then identify and engage these freelancers or third-party staffing providers to fulfill the service obligation to the client. Revenue for these services is recognized as these services are rendered.

See Note 2 of the notes to our consolidated financial statements for a further description of our revenue recognition policies.

Goodwill

Goodwill represents the excess of the aggregate fair value of the consideration transferred over the fair value of the net tangible and identifiable assets acquired in 2014 as a result of the combination of Elance and oDesk. The total accounting purchase price of this combination was \$147.4 million. Elance and oDesk each considered a number of factors when deciding whether to consummate the 2014 combination between the two companies. The business reasons for the combination, and the rationale for the purchase price, included creating greater scale and visibility of the combined company to gain increased market share by attracting new users, improving operational efficiencies, and benefits from cost synergies. Additional factors included our expectations regarding the ongoing changes in the labor market, including the impact of technology in reducing the prevailing inefficiencies in the labor market, which we believed would result in a greater market opportunity for the combined company than had the two companies remained independent.

Our achievement of these anticipated benefits are reflected in our overall performance following the 2014 combination, particularly starting in 2017 after the initial integration initiatives involving the two companies, including the migration to a unified Upwork platform, had generally concluded. Specifically, we have invested in building a robust, unified platform with features and functionalities that we believe resulted in a larger, more liquid marketplace, including more access to jobs for freelancers and skills and expertise for clients, and provided us with significant cost efficiencies. We also believe the quality of our unified platform, Upwork, is reflected in our NPS, which exceeded 60 on average from both freelancers and clients throughout 2017 and the six months ended June 30, 2018. Furthermore, we believe our product enhancements and technical expertise have enabled us to successfully scale over 20 different categories each to surpass over \$20 million GSV in 2017.

Goodwill from this combination is not amortized but is assessed for impairment at least annually, or more frequently if events or changes in circumstances indicate the goodwill may be impaired. We conduct our annual assessment during the fourth quarter of each calendar year based on a single reporting unit structure.

We have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if we conclude otherwise, then we are required to perform the first of a two-step impairment test.

The first step involves comparing the estimated fair value of the reporting unit with its respective book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be

impaired and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, then a second step is required that compares the carrying amount of the goodwill with its implied fair value. The estimate of implied fair value of goodwill may require valuations of certain internally-generated and unrecognized intangible and tangible net assets. If the carrying amount of goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess.

For 2016, we conducted our goodwill impairment testing by performing the first step of the two-step impairment model. The fair value was determined by us with assistance from an independent third-party valuation firm by using a combination of income and market approaches. In estimating the fair value of our reporting unit, we compared current period results to relevant projections. Actual revenue results for such period were approximately 20% lower than the initial projections prepared at the time of the combination of Elance and oDesk. The difference between actual and projected results for such period was primarily due to the decision (made subsequent to the consummation of the Elance-oDesk combination) to enable clients, freelancers, and their projects to migrate from the legacy Elance platform to the unified Upwork platform, which resulted in a portion of the pre-existing Elance clients and freelancers electing not to migrate to the unified Upwork platform. Projections used in estimating the fair value of the reporting unit incorporated the effects of the migration as well as other current management expectations. The estimated fair value of our reporting unit was approximately three times greater than the book value at the impairment testing date and as such, we concluded there was no impairment to goodwill at the impairment testing date.

For 2017, we conducted our goodwill impairment testing by assessing qualitative factors to determine whether it was more likely than not that the fair value of our reporting unit was less than its carrying amount. As part of this assessment, we considered factors, including but not limited to, the overall macroeconomic environment, specific industry and market conditions, cost factors, our overall financial performance against expectations, changes in strategy or the manner in which we use our assets, and changes in key management personnel. While we had a history of operating losses, our operating results improved in 2017 compared to 2016. No other indicators of impairment were identified during our assessment. Furthermore, we considered the most recent valuations of our common stock, which indicated that there was substantial excess of fair value over book value. Accordingly, we concluded there was no impairment to goodwill at the impairment testing date.

Multiple-Element Arrangements

Some of our offerings consist of multiple elements, which can include a mix of service fees along with other services, including subscription services, Upwork Payroll services, compliance services, and payment processing services. Where neither vendor-specific objective evidence nor third-party evidence of selling price exists, we are required to use our best estimate of selling price to allocate arrangement consideration on a relative basis to each element. At the inception of arrangements, which do not include subscription services, as there is no fixed consideration to be allocated, a relative fair value allocation is not required. In the instance the multiple-element arrangement includes subscription services, the only fixed consideration relates to the subscription services, which is a separate unit of accounting, and the fixed consideration is allocated only to the subscription services at inception as all other fees in the arrangement are contingent on certain activities being performed.

Internal-Use Software and Platform Development Costs

We capitalize certain internal-use software and platform development costs associated with creating and enhancing internal-use software related to our software platform and technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and external direct costs of materials and services consumed in developing or obtaining the software. Software development costs that do not meet the criteria for capitalization are expensed as incurred and recorded in research and development expenses in our consolidated statements of operations.

Software development activities generally consist of three stages: (i) the planning stage; (ii) the application and infrastructure development stage; and (iii) the post-implementation stage. Costs incurred in the planning and post-implementation stages of software development, including costs associated with the post configuration training and repairs and maintenance of the developed technologies, are expensed as incurred. We capitalize costs associated with software developed for internal use when both the preliminary project stage is completed and management has authorized further funding for the completion of the project. Costs incurred in the application and infrastructure development stages, including significant enhancements and upgrades, are capitalized. Capitalization ends once a project is substantially complete and the software and technologies are ready for their intended purpose. Internal-use software and platform development costs are amortized using a straight-line method over the estimated useful life of two years, commencing when the software is ready for its intended use. Amortization expenses of the capitalized internal-use software and platform development costs are included in cost of revenue.

Stock-Based Compensation

We account for stock-based compensation expense under the fair value recognition and measurement provision in accordance with the applicable standards, which require all stock-based awards granted to employees to be measured based on the grant date fair value and amortized over the respective period during which the employee is required to provide service in order for the award to vest. We calculate the fair value of stock options on the date of grant using the Black-Scholes option-pricing model for stock options, which is impacted by the fair value of our common stock, as well as changes in assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected common stock price volatility over the term of the option awards, the expected term of the awards, risk-free interest rates and the expected dividend yield.

We recognize stock-based compensation for stock-based awards on a straight-line basis over the period during which a service provider is required to provide services in exchange for the award (generally the vesting period). Prior to the adoption of Accounting Standards Update No. 2016-09, or ASU 2016-09, on January 1, 2018, stock-based compensation expense was recognized only for those options expected to vest. We estimated forfeitures based on historical rates of forfeitures of stock options adjusted to reflect future changes in facts and circumstances, if any, and revised the estimated forfeiture rate if actual forfeitures differed from initial estimates. Subsequent to the adoption, we account for forfeitures as they occur.

The estimated grant-date fair value of our equity-based awards issued to service providers was calculated using the Black-Scholes option-pricing model, based on the following assumptions:

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
Dividend yield	0%	0%	0%	0%
Expected term (in years)	6.08	5.3 - 6.3	5.9 - 10	5.2 - 6.27
Risk-free interest rate	1.2% - 2.1%	1.9% - 2.2%	1.9% - 2.7%	2.5% - 2.9%
Expected volatility	42% - 45%	39% - 43%	42% - 48%	38% - 40%

Dividend Yield. The expected dividend is zero as we have never declared dividends and have no current plans to do so in the foreseeable future.

Expected Term. The expected term represents the period that our stock-based awards are expected to be outstanding. We estimate expected term using historical data on employee exercises and post-vesting employment termination behavior taking into account the contractual life of the award.

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 to the stock option's expected term.

Expected Volatility. Since we do not have a trading history of our common stock, the expected volatility was derived from the average historical stock volatilities of several unrelated public companies within our

industry that we consider to be comparable to our business over a period equivalent to the expected term of the stock option grants. We intend to continue to consistently apply this process using the same or similar companies to estimate the expected volatility until sufficient historical information regarding the volatility of the share price of our common stock becomes available.

We also grant stock-based awards to non-employees. We believe that for stock options issued to non-employees, the fair value of the stock option is more reliably measurable than the fair value of the services rendered. Therefore, we estimate the fair value of non-employee stock options using a Black-Scholes valuation model with appropriate assumptions. The estimated fair value of non-employee stock options is re-measured over the vesting period, and the expense is recognized on a straight-line basis over the period during which the award vests.

Common Stock Valuations

In the absence of a public trading market, the fair value of our common stock was determined by our board of directors, with input from management, taking into account our most recent valuations from an independent third-party valuation specialist. Our board of directors intended all stock options granted to have an exercise price per share not less than the per share fair value of our common stock on the date of grant. The valuations of our common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. The assumptions we use in the valuation models were based on future expectations combined with management judgment, and considered numerous objective and subjective factors to determine the fair value of our common stock as of the date of each option grant, including the following factors:

- contemporaneous valuations performed at periodic intervals by unrelated third-party specialists;
- the liquidation preferences, rights, preferences, and privileges of our convertible preferred stock relative to the common stock;
- our actual operating and financial performance;
- current business conditions and projections;
- our stage of development;
- the likelihood and timing of achieving a liquidity event for the shares of common stock underlying the stock options, such as an initial public offering or sale of our company, given prevailing market conditions;
- any adjustment necessary to recognize a lack of marketability of the common stock underlying the granted options;
- the market performance of comparable publicly-traded companies; and
- the U.S. and global capital market conditions.

In valuing our common stock at various dates in 2016, 2017, and the six months ended June 30, 2018, our board of directors determined the equity value of our business using various valuation methods including combinations of income and market approaches with input from management. 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 or similar lines of business as of each valuation date and is adjusted to reflect the risks inherent in our cash flows.

The market approach estimates value considering an analysis of guideline public companies. The guideline public companies method estimates value by applying a representative revenue multiple from a peer group of companies in similar lines of business to our forecasted revenue. To determine our peer group of companies, we considered public marketplace companies, software, and recruitment service companies and selected those that

represent similar, but alternative investment opportunities. From time to time, we updated the set of comparable companies as new or more relevant information became available. This approach involves the identification of relevant transactions, and determining relevant multiples to apply to our revenue.

The equity values implied by the income and market approaches reasonably approximated each other as of each valuation date.

Once we determined an equity value, we used a combination of approaches to allocate the equity value to each class of our stock. We used the option pricing method, or OPM. The OPM allocates values to each equity class by creating a series of call options on our equity value, with exercise prices based on the liquidation preferences, participation rights, and exercise prices of the equity instruments.

In addition, we also considered an appropriate discount adjustment to recognize the lack of marketability and liquidity due to the fact that stockholders of private companies do not have access to trading markets similar to those enjoyed by stockholders of public companies. The discount for marketability was determined using a protective put option model, in which a put option is used as a proxy for measuring discounts for lack of marketability of securities.

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.

For valuations after the completion of this offering, our board of directors will determine the fair value of each share of underlying common stock based on the closing price of our common stock as reported on the date of grant. Future expense amounts for any particular period could be affected by changes in our assumptions or market conditions.

Based upon the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, the aggregate intrinsic value of stock options outstanding as of June 30, 2018 was \$ million, of which \$ million related to vested stock options and \$ million related to unvested stock options.

Income Taxes

We utilize the asset and liability method under which deferred tax assets and liabilities arise from the temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements, as well as from net operating loss and tax credit carryforwards. Deferred tax amounts are determined by using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided for under currently enacted tax law. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

We regularly review our tax positions and benefits to be realized. We recognize tax liabilities based upon our estimate of whether, and the extent to which, additional taxes will be due when such estimates are more likely than not to be sustained. An uncertain income tax position will be recognized only if it is more likely than not to be sustained. We recognize interest and penalties related to income tax matters as income tax expense.

Recent Accounting Pronouncements

See Note 2 of the notes to our consolidated financial statements included elsewhere in this prospectus for recently issued accounting pronouncements not yet adopted as of the date of this prospectus.

LETTER FROM STEPHANE KASRIEL, UPWORK CEO

Why does Upwork exist? On the surface, a simple business explanation is that people need a better way to connect and work together and Upwork provides just that. But Upwork is more than that, because we are doing good for the world while operating an efficient, growing business. We are a team of people **creating economic opportunities so people have better lives**. That is our mission and working towards this goal is what brought me to Upwork and what motivates me as a leader.

I believe that right now we are in the midst of a transformation in how we work. As a recent co-chair of the World Economic Forum's (WEF) Future Council on Education, Gender and Work, I have had the honor of participating in conversations about this transformation, which the WEF calls the "fourth industrial revolution." Essentially, technology is enabling an increasing number of people to work how, where, when and with whom they please. Simultaneously, businesses need better access to talent in order to remain competitive.

Why is this the "fourth" revolution? A couple of hundred years ago most of us were farmers. Then the first industrial revolution came, and most of us became factory workers. During the second industrial revolution, electricity enabled more mass production. Next, the information technology revolution arrived, and during this third industrial revolution we became office workers. Now, we believe our world is changing again.

Over the last 20 years, tech companies have created efficient online marketplaces for just about every imaginable product, from shopping, to cars, to houses, to clothes... each of which moved from offline to online. What is one of the few products for which the internet has not yet enabled an efficient online marketplace? Talent. Until now...

Upwork is the largest global online marketplace for highly-skilled freelance talent.⁴ We are a part of a fundamental change in technology. Our innovations are bridging skills gaps caused by rigid traditional hiring methods that no longer make sense and, in doing so, are removing friction from the job market. The challenge prior to Upwork was matching talent with the right opportunities, which are concentrated in specific geographical areas where much of the talent does not happen to live. Upwork is helping people find jobs much more efficiently and flexibly. And in doing so, Upwork's platform and others like us are potentially creating trillions of dollars in GDP.

The last industrial revolution didn't remove many of the limitations in the way that we work. This industrial revolution is an opportunity to make a more positive future of work a reality. We believe we can provide economic opportunity for millions of people. This is what drives us at Upwork.

Right now, our economy is becoming more fractured not less. For many, the education system is broken. Our urban infrastructures are overloaded. I am a father and I want to make sure future generations live in a world where, if they are willing to work hard and learn throughout their lives, they can find opportunities and feel fulfilled in society. We owe it to future generations to create a job market where each individual has the best chance of having a constructive role to play.

Every day I think about how to create more value for our society. So does our entire team—countless people have told me that our mission is the reason they are excited to come to work. We will stay true to our mission and, as we make decisions, filter them through what best furthers it.

I am proud of my team, our community, and what we are achieving together. In the twelve months ended June 30, 2018 on Upwork:

- Freelancers earned more than \$1.5 billion
- Freelancers worked on approximately 2 million projects, giving freelancers the opportunity to do work they love
- 475,000 businesses were able to grow by finding talent via Upwork

⁴ As measured by GSV.

What really brings our impact to life is the people. The highlight of my job is meeting people and hearing their stories. While it is impossible to do them justice in a short letter, a few stories that stand out most in my mind are:

- Shari, an instructional designer in Hawaii, who previously was in the military and whose husband is still in active duty. As a military spouse, Shari had to look for a new job every time her husband's job moved, which happened on average every three years. Via Upwork, she can continue to work and grow her career wherever she needs to be. As a mother, being in control of her schedule and work enables Shari to live the life she wants—being with her family and having fulfilling work.
- Joana, an architect in Portugal, where there is not a lot of work in her industry. When Joana had a baby, her non-Upwork client did not want to work with her and let her go. At first she was scared she would not be able to find work but when she found Upwork, she suddenly had access to clients all over the world and has grown into managing teams of freelancers for her clients. Joana's future changed from being at the mercy of one client to now controlling where and when she works and having the stability she always dreamed of for her family.
- Brad, a virtual and augmented reality developer in St. Louis, Missouri, was worried he would have to move to a major tech city in order to find meaningful work in this cutting-edge field. When he found Upwork, he not only realized he could stay in St. Louis, but he saw so much opportunity in his field that he is building his own agency. By being able to stay in Missouri, Brad is also helping grow the local technology scene by participating in the small business community and connecting with other local companies.

As we anticipate Upwork's next chapter, I believe being a public company will help us increase our positive impact. My personal commitment is to try harder than ever to maximize this impact. We already connect with stakeholders to try to help create better functioning job markets, including through my participation with the WEF. We'll also work with others such as governments, educational systems and non-profit organizations to improve the support systems professionals and businesses need to thrive.

We believe that more flexible work will result in not only better quality of life but in better economies. Today's technologies, including Upwork, can be a source of job reinvention the likes of which the world has not seen since the inventions of the assembly line and the steam-powered engine. We will change how people find opportunities and work together to shape the outcome of the current work revolution for the better.

The people who work together through our site are groundbreakers, already working in a way that creates more freedom and flexibility to live the lives they want in the locations they want. By using Upwork, they're not only able to increase their quality of life but by empowering more remote work we're also decreasing the number of commuters and congestion and pollution that come with them. It is my duty, and that of the entire Upwork team, to be the catalyst for positive change not only for the individuals in our community but for the optimal functioning of job markets. I truly believe that the future of work can be a better one and that Upwork will be at the center of shaping this future.

I hope you will join us in this journey to make the way people work together, and the world along with it, a better place.

Stephane Kazouich

BUSINESS

Our Mission

Our mission is to create economic opportunities so people have better lives.

Overview

We are changing the way work gets done by connecting businesses with great talent to work without limits.

We operate the largest online global marketplace that enables businesses to find and work with highly-skilled freelancers as measured by GSV. Freelancers are an increasingly sought-after, critical, and expanding segment of the global workforce. In the twelve months ended June 30, 2018, our platform enabled \$1.56 billion of GSV across 2.0 million projects between approximately 375,000 freelancers and 475,000 clients in over 180 countries.

Our platform reduces inefficiencies associated with searching for, contracting and collaborating with, and paying highly-skilled freelancers for short-term and longer-term projects. As early innovators in this space, we have built an expansive and unique repository of data on our platform, which, when combined with our machine learning capabilities, enables us to better connect clients with the best freelancers for their projects. As a result, clients are able to obtain specialized talent in less time and at a lower cost compared to traditional channels.

Knowledge is a key driver of today's global economy. As the pace of change accelerates and companies conceive and execute their digital transformation strategies, businesses increasingly need access to specialized, knowledge-based talent to compete. In addition, knowledge workers are now seeking more flexible work options, independence, and easier access to work opportunities. However, the traditional means by which businesses seek and hire talent have not kept pace with these changes. These factors ultimately have contributed to less efficient local economies as businesses struggle to find the right talent to meet their needs.

We believe these inefficiencies in the labor market have created a significant opportunity for online global marketplaces for freelance work and that businesses globally will continue to adopt freelance work. We estimate that the total global GSV opportunity for our platform was approximately \$560 billion in 2017. McKinsey Global Institute estimates that, by 2025, online talent platforms could add \$2.7 trillion annually, or 2%, to global GDP.

We serve as a powerful marketing channel for freelancers to find rewarding, engaging, and flexible work. Freelancers using our platform benefit from access to quality clients and secure and timely payments while enjoying the freedom to run their own businesses, create their own schedules, and work from their preferred locations. Moreover, freelancers have real-time visibility into opportunities that are in high demand, so that they can invest their time and focus on developing sought-after skills.

Our platform provides clients with fast, secure, and efficient access to high-quality talent with over 5,000 skills across over 70 categories, such as content marketing, customer service, data science and analytics, graphic design, mobile development, sales, and web development. We offer a direct-to-talent approach, reducing reliance on intermediaries such as staffing firms, recruiters, and traditional agencies, while providing features that help instill trust in remote work. Our platform also enables clients to streamline workflows, such as talent sourcing, outreach, and contracting. In addition, our platform provides access to essential functionality for remote engagements with freelancers, including communication and collaboration, time tracking, invoicing, and payment.

We believe that a key driver of our growth is our track record of creating trust and enabling freelancers and clients to successfully connect at scale on our platform. As the largest online global marketplace for highly-skilled freelancers as measured by GSV, we benefit from network effects that drive growth in both the number of clients posting jobs and the number of highly-skilled freelancers seeking work.

We have rapidly grown our business. GSV on our platform was \$1.15 billion and \$1.37 billion in 2016 and 2017, respectively, representing an annual growth rate of 20%. For the six months ended June 30, 2017 and 2018,

GSV on our platform was \$643.2 million and \$834.5 million, respectively, representing a period-over-period growth rate of 30%. For the twelve months ended June 30, 2018, GSV on our platform was \$1.56 billion. In 2016 and 2017, our total revenue was \$164.4 million and \$202.6 million, respectively, representing an annual growth rate of 23%. For the six months ended June 30, 2017 and 2018, our total revenue was \$95.5 million and \$121.9 million, respectively, representing a period-over-period growth rate of 28%. For the twelve months ended June 30, 2018, our total revenue was \$228.9 million. In 2016 and 2017, our marketplace revenue was \$138.5 million and \$178.0 million, respectively, representing an annual growth rate of 29%. For the six months ended June 30, 2017 and 2018, our marketplace revenue was \$83.9 million and \$107.4 million, respectively, representing a period-over-period growth rate of 28%. We have made significant investments to grow our business, including in sales and marketing, research and development, operations, and personnel. As a result, we generated net losses of \$16.2 million and \$4.1 million in 2016 and 2017, respectively, and generated net income of \$1.4 million for the six months ended June 30, 2017 and a net loss of \$7.2 million for the six months ended June 30, 2018. Our adjusted EBITDA was \$1.3 million and \$7.9 million in 2016 and 2017, respectively, and \$7.0 million and \$0.3 million for the six months ended June 30, 2017 and 2018, respectively. See the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures” for information regarding our use of adjusted EBITDA and a reconciliation of net loss to adjusted EBITDA.

Industry Background

Every day, millions of businesses search for the talent they need to compete in an increasingly global and digital economy. Global competitive pressures are pushing companies to be more innovative and flexible in filling the skills gap and scaling their workforces rapidly. Increasing connectivity, rising educational levels domestically and around the world, and shifting career trajectory expectations are bringing diverse talent to the market. However, to access these skills, companies need to shift the way they search for, and engage with, talent.

We believe that the following trends will increasingly change the way businesses and talent think about hiring, seeking work, how and where work gets done, and even what it means to work:

Labor is Undergoing a Revolution

The online freelance economy represents a shift in how labor markets operate. We believe we are still in the early stages of the online freelance economy, with a multi-industry and multi-decade global shift affecting how businesses find talent and how people want to work.

In today’s economy, knowledge is a key driver of productivity. The first and second industrial revolutions of the 18th and 19th centuries created the industrial economy and moved workers from farms to factories. The third industrial revolution of the 20th century created the knowledge economy and moved workers from factories to office buildings.

The World Economic Forum believes that the global economy is now undergoing the fourth industrial revolution, fueled by rapid technological advances. One of the defining features of the fourth industrial revolution is the transformation of how and where work gets done, as work is increasingly no longer constrained by location. In the fourth industrial revolution, instead of the worker moving to the workplace, we are seeing that work is moving to the worker—collaboration is less constrained than ever before by physical proximity and geographic borders, particularly for highly-skilled professionals.

Jobs are Overly Concentrated in Large Cities

Data from the Bureau of Economic Analysis shows that the top six U.S. metropolitan areas alone were responsible for 26% of total U.S. GDP in 2016. This has led to imbalances in labor markets, with jobs becoming increasingly concentrated in those cities. Despite this concentration of jobs in metropolitan areas, workers not only have become increasingly reluctant to move into large cities, but are also leaving large cities at higher rates due to continued rising costs of living and lengthy commutes.

The Labor Market Remains Inefficient

Labor markets remain fragmented and local, and the increasing specialization of work has further reduced availability of talent in local labor markets. As a result, hiring processes can last several months, which is costly to businesses, workers, and the economy. In the United States alone, employers made an average of approximately 178,800 hires per day in 2017, according to the U.S. Department of Labor. Despite this volume of hiring, as of April 2018, the average time taken to fill a job vacancy in the United States was over 31 working days, according to DHI Group. Increasing restrictions on immigration and insufficient availability of U.S. visas for skilled workers are expected to make it even harder to find specialized skills.

Businesses Face a Skills Gap

In addition to the increasing specialization of work, several other factors are exacerbating skills shortages. According to a 2014 study by the Federal Reserve Board of Governors, labor mobility has been trending downwards since the 1980s. Due to the costs of relocation, labor immobility can often result in a local skills gap or persistent regional supply-demand imbalances within skill categories. In 2018, the number of visas sought by U.S. employers for skilled workers was over twice as high as the number available, and additional restrictions on immigration may increase skills shortages. Moreover, population aging is occurring throughout the world, with many countries facing growing labor force shortages due to demographic changes. Illustrating these difficulties, according to a survey conducted by the NFIB Research Center, 88% of small businesses surveyed that were hiring, or trying to hire, reported few or no qualified applicants for the positions they were trying to fill as of April 2018.

Businesses and Workers Desire Flexible Work

In January 2018, 59% of hiring managers indicated they were leveraging flexible talent, which includes temporary, freelance, and agency workers, up 24% from January 2017, according to the 2018 Future Workforce Report, a study we commissioned from the independent research firm Inavero. According to the same report, hiring managers anticipated work performed by flexible talent will increase by 168% in the next 10 years.

Simultaneously, knowledge workers are increasingly demanding flexible and independent work arrangements. According to economists Lawrence Katz of Harvard University and Alan Krueger of Princeton University, 94% of net job growth in the past decade was in the alternative work category, which they define as temporary help agency workers, on-call workers, contract company workers, and independent contractors or freelancers and over 60% was due to the rise of independent contractors, freelancers, and contract company workers. The freelance workforce is one of the fastest-growing segments of the U.S. labor market. From millennials to retiring baby boomers, the number of people choosing to freelance is growing.

Technology is Enabling Remote Work

Rapid technological advancement and innovation in connectivity, communication, and collaboration solutions continue to enhance remote work capabilities and increases trust. Additionally, the global workforce is now able to access technologies and tools such as email, enterprise resource planning, and customer relationship management from anywhere with a laptop or mobile phone. With continued innovation in remote work capabilities, businesses are increasingly able to effectively connect and work with non-local talent, and the benefits of geographic proximity are diminishing. Illustrating the increasing amount of remote work, the number of telecommuting workers grew 115% in a decade, from approximately 1.8 million in 2005 to approximately 3.9 million in 2015, according to the 2017 State of Telecommuting in the U.S. Employee Workforce report.

In the Accenture Technology Vision 2017 report, Accenture forecasts that in the next five years, on-demand work platforms will emerge as a primary driver of economic growth in developed and emerging economies worldwide. We believe that prevailing conventional methods for sourcing talent, finding and completing work, hiring, and making and receiving payments will be increasingly inadequate.

Our Market Opportunity

We believe that inefficiencies in the labor market have created a significant opportunity for online global marketplaces for freelance work and that businesses globally will continue to adopt freelance work. We estimate that the total global GSV opportunity for our platform was approximately \$560 billion in 2017.

We calculate the total global GSV opportunity for our platform by multiplying the number of global workers that could adopt our platform by the average GSV generated per freelancer on our platform in 2017. According to a McKinsey Global Institute report, an estimated 11% of the 1.46 billion service jobs worldwide, or 161 million jobs, could be performed remotely. Multiplying this figure by the average GSV generated per freelancer on our platform of approximately \$3,500 in 2017 represents our estimated total global GSV opportunity.

Given the nascent nature of the online freelance economy, we believe many freelancers are leveraging our platform on an experimental basis for only a portion of their business. As of 2016, only 15% of independent earners had used a digital platform to find work, according to a survey conducted by McKinsey Global Institute. We believe that project-based work will continue to migrate online. From July 1, 2016 to June 30, 2017, temporary and project-based work done online grew approximately 26% according to the Oxford Internet Institute's Online Labour Index. We expect our market opportunity and economic impact to expand with the further growth of the knowledge economy and the increasing demand for our online talent marketplace.

Our Marketplace

We operate the largest online global marketplace that enables businesses to find and work with highly-skilled freelancers as measured by GSV. The freelancers on our platform include independent professionals and agencies of varying sizes. The clients on our platform range in size from small businesses to Fortune 500 companies.

We have built a proprietary platform that reduces the friction associated with searching for, contracting and collaborating with, and paying highly-skilled freelancers for short-term and longer-term projects. As early innovators in this space, we have built an expansive and unique repository of data on our platform, which, when combined with our machine learning capabilities, enables us to better connect clients with available talent for their projects. For example, we use machine learning to predict the availability, interest, and skill relevance of specific freelancers for specific projects.

Clients using our marketplace can find the right freelancers in less time and at a lower cost compared to traditional channels. In 2017 and in the six months ended June 30, 2018, we maintained high NPS of over 60 on average from both freelancers and clients.⁵

Scale and Liquidity

In the twelve months ended June 30, 2018, our platform enabled \$1.56 billion of GSV across 2.0 million projects between approximately 375,000 freelancers and 475,000 clients, including more than 30% of the Fortune 500 companies as of June 30, 2018. The size and scale of our platform provides clients with fast, secure, and efficient access to high-quality talent.

Global Reach

We help freelancers in over 180 countries connect with clients and enable freelancers to withdraw payments for their work in numerous currencies. Supported by strong network effects on our marketplace, we have been able to scale our business and our global community of users without the need for local physical presence and density.

⁵ NPS is a measure of client and freelancer satisfaction on a scale ranging from negative 100 to 100 based on the standard question: "On a scale of 0 to 10, with 10 being extremely likely, how likely are you to recommend Upwork to a friend or colleague?" NPS is based on users that respond to the survey question after closing a project and users who respond to the survey question once every 60 days. NPS is calculated by using the standard methodology of subtracting the percentage of users that respond that they are not likely to recommend us from the percentage of users that respond that they are extremely likely to recommend us.

Multi-Category

Our platform provides clients with access to highly-skilled freelancers with over 5,000 skills across over 70 categories. In 2017, approximately 40% of clients engaged freelancers across multiple categories on our platform. Our platform had more than 20 categories that each generated over \$20 million of GSV in 2017, such as:

Accounting	Personal and Virtual Assistance
Business Support	Sales
Content Marketing	Search Engine Optimization (SEO)
Copy Editing	Software Development
Customer Service	Translation
Data Science and Analytics	Video and Film
eCommerce Development	Visual Arts
Graphic Design	Web Development
IT Services	Web and Mobile Design
Mobile Development	Web Research

Unique Data Assets

Our proprietary database maintains detailed and dynamic information, including skills, feedback, and success indicators of freelancers and clients transacting on our platform. Moreover, our machine learning algorithms leverage our closed-loop transaction data on millions of completed projects. The large volume of transactions on our marketplace allows us to continually improve the effectiveness of our search algorithms and product features, providing a compelling and differentiated value proposition for both new and existing freelancers and clients.

Benefits for Highly-Skilled Freelancers

Access to Quality Clients and Work

Our marketplace provides freelancers access to quality clients and rewarding projects. Our platform features both quick, discrete projects and longer-term projects. By reducing non-billable time, including time spent searching for new clients and projects, invoicing, and collecting payments for completed projects, our platform enables freelancers to be more productive, increase their earnings, and find clients outside of their local geography.

Flexibility

Our platform enables freelancers to obtain the flexibility they seek to run their own businesses, choose their own clients, determine their own pricing, create their own schedules, and work from their preferred locations.

Secure and Timely Payments

Freelancers conveniently receive payments from their clients through our platform. Funds are securely held and transferred through our escrow service, enabling trust and timely payment.

Marketing and Reputation Building

We serve as a powerful marketing channel for freelancers to increase demand for their specialized skills. Using our marketplace, freelancers receiving positive client feedback typically benefit from increased demand for their services. We also enable freelancers to be visible in search results globally and to build a business reputation and brand through their skill profiles and project history on our platform.

Insights into High-Demand Skills

We give freelancers real-time visibility into which skills are highest in demand and associated rates paid for those services. With this insight, freelancers can actively invest their time and focus on developing sought-after skills to grow their businesses and increase their earnings.

Benefits for Clients

Access to High-Quality Freelancers

Every day, an average of approximately 10,000 independent professionals and agencies apply to join our platform. We leverage machine learning to automatically accept the registrations of high-quality, in-demand talent. As of February 2017, over 80% of freelancers using our platform held a college degree or advanced degree, with 34% holding a post-graduate degree, according to an internally-conducted survey. Based on information contained in comprehensive freelancer profiles, which include skill profiles and project history on our platform, we highlight the right freelancers to the right clients.

Speed to Hire

Clients often receive proposals within minutes of posting a job, and the median time to hire was 23 hours in 2017. Our marketplace streamlines the interviewing, screening, and contracting process through proprietary search algorithms incorporating freelancers' availability, online status, and skill profiles.

Cost Savings

Our platform offers a direct-to-talent approach, reducing the reliance on intermediaries such as staffing firms, recruiters, and traditional agencies. Clients using our platform only pay for the specific work they need. Based on client feedback, we believe that clients realize significant cost savings compared to hiring locally or using staffing firms or other intermediaries.

Streamlined Processes

Our end-to-end software platform streamlines workflows, such as talent sourcing, outreach, and engagement. Our platform includes a proposal tracking system, collaboration and communication features, time tracking and invoicing, and two-way feedback and review systems to better manage the lifecycle of project engagements.

Trust and Verification

Our technology was built to help instill trust in remote service relationships. Our platform provides insight into freelancer billing, allowing clients to verify work activity reflected on their invoices, while our collaboration and communication features foster responsiveness and transparency between freelancers and clients. Funds are securely held and released through escrow, enabling mutual trust and timely payments. Our platform also provides tools to enable users to provide both public and private feedback once the work is completed.

Unique Access to Specialized Skills

Freelancers on our platform offer over 5,000 skills across over 70 categories. Within each category, there are multiple skills. For example, skills for the mobile development category include Objective C, Swift, and Android app development. Skills on our platform dynamically evolve with the labor market, which enables clients to find freelancers in current and emerging skill areas, such as augmented reality, robotics, and blockchain. By having access to freelancers with an extensive variety of skills, clients can meet their needs for highly-skilled talent on one platform.

Our Strengths

Largest Online Global Marketplace for Highly-Skilled Freelancers

We operate the largest online global marketplace that enables businesses to find and work with highly-skilled freelancers, as measured by GSV. Today, our platform provides clients with access to highly-skilled freelancers with over 5,000 skills across over 70 categories. In the twelve months ended June 30, 2018, our platform enabled \$1.56 billion of GSV across 2.0 million projects between approximately 375,000 freelancers and 475,000 clients in over 180 countries. We had over 1,400 clients that spent over \$100,000 on our platform in 2017, and no single client accounted for more than two percent of total client spend. We believe our size and scale demonstrate the effectiveness of our platform in connecting businesses with global talent.

Trusted Platform for Freelancers and Clients

We believe our ability to foster trust and credibility on our platform drives growth and differentiates us. We use a combination of the latest technology, data science, product features, and our skilled team to make our platform a trusted online marketplace to get work done. We build and use software to highlight relevant freelancers, facilitate security and identity verification for account ownership, and flag suspicious posts to maintain a trusted marketplace. We provide clients with tools to validate work performed by freelancers and to provide both public and private feedback once the work is completed. Our feedback system enables freelancers to build their business reputation by establishing long-term credibility with project review and client feedback. We provide escrow services so clients on our platform only pay for work that has been completed and freelancers are paid by their clients in full and on time.

Proprietary Data Drives Increasing Efficiencies

We have built an expansive and dynamic repository of data on our platform, which allows us to better enable clients to connect with the best talent for their projects. We use this data in our machine learning algorithms on our platform to provide a trusted, convenient, and effective user experience for both new and existing freelancers and clients. An example of how we use machine learning is to highlight the right freelancers to the right clients and the right projects to freelancers to optimize searching on our platform. For freelancers, our machine learning algorithms leverage historical data to predict whether they match the job skill requirements and are interested in and available to undertake a particular project. For clients, we use our historical job post data to infer what the job post means and highlight potential freelancers with relevant skills based on prior project and payment history. We can factor in historical preferences such as the expertise, location, and price charged by prior freelancers engaged by the client for similar projects. We believe that this capability is difficult to replicate because of the large amounts of data needed for machine learning algorithms to understand how users act and the outcomes of these projects. Further, our data enables us to be more effective at detecting and reducing fraud and other malicious activity on our platform both rapidly and at scale.

Robust Platform Functionality

Our platform includes a proposal tracking system, search engine and collaboration functionality, time tracking and invoicing systems, and payments services. The robust functionality of our platform enables freelancers to more easily run their businesses and clients to find and work with high-quality talent globally. As of June 30, 2018, we were actively working with approximately 400 engineers, including both our employees and freelancers, to innovate and improve our platform.

Powerful Global Network Effects

We have invested in building a robust platform with features and functionalities that are necessary to connect freelancers and clients at scale. We believe our platform provides a strong value proposition for both sides of our marketplace and our scale creates powerful network effects that strengthen our competitive differentiation. Clients are attracted to our unique platform due to the availability of the more than 5,000 skills that freelancers offer in over 70 categories. In turn, as more clients use and post projects on our platform, we are able to attract more freelancers. As a result, we have been able to scale our business and our global community of users without the need for local physical presence and density.

Business Model with Strong Retention Metrics

The growth in our marketplace is driven by long-term and recurring use of our platform by freelancers and clients, which leads to increased revenue visibility for us. For example, for the quarterly period ended June 30, 2018, in addition to acquiring new clients, our client spend retention was 106%. Furthermore, the quality of our relationship with freelancers and clients that use our platform is reflected in our NPS, which exceeded 60 on average from both freelancers and clients throughout 2017 and the six months ended June 30, 2018. In addition, we believe the scale of our platform incentivizes freelancers to build their business reputations and continue to use our platform.

Proven Management Team

Our company was formed when two of the earliest innovators in the space, and the largest online talent marketplaces at the time, Elance and oDesk, combined in 2014. Our management team has a strong track record of scaling and running profitable businesses with a focus on online marketplaces, business-to-business services and software, and global payments technologies. Our President and Chief Executive Officer, Stephane Kasriel, is an active thought leader in talent engagement and the future of work, and, from 2016 to 2018, served as the co-chair of the World Economic Forum's Global Future Council on Education, Gender and Work.

Growth Strategies

We intend to continue actively pursuing opportunities to expand and solidify our market position, including the following:

Increase Spend from Existing Clients

We intend to expand our relationship with our existing clients and increase their spend on our platform by investing in building new products and premium features.

Attract New Clients Through Marketing Efforts

We intend to expand our marketing efforts to increase awareness of our platform and the benefits of using flexible and remote talent and, as a result, attract new clients.

Remain a Preferred Platform for Freelancers

We will continue to invest in new products and features to help freelancers grow their businesses by finding more work and increasing their earnings.

Further Invest in Technology

We plan to continue to improve our user experience by enhancing our software capabilities, data science, security, and technology infrastructure.

Invest in Domestic Marketplace Capabilities Internationally

We plan to invest in building domestic-to-domestic marketplaces internationally by connecting local clients to local freelancers, similar to our U.S.-to-U.S. domestic offering, including customizing our platform to support additional languages and currencies. We believe that by tailoring our platform experience to the nuances of regional markets, we can further improve the experience of our users.

Broaden and Deepen Categories

We have successfully scaled over 20 different categories to over \$20 million GSV in 2017. We intend to focus further on customizing experiences for categories through tailored features and functionalities, thus making it easier and more efficient for clients to connect with the right freelancers.

Focus on Premium Offerings

We plan to invest further in our direct sales team and expand our premium offerings. We believe there is a significant opportunity to expand existing client spend, add new enterprise clients, and cross-sell and upsell existing enterprise clients across various categories.

Our Products

We have marketplace offerings and a managed services offering. Our marketplace offerings include our Upwork Standard, Upwork Enterprise, Upwork Pro, and Upwork Payroll offerings.

Upwork Standard

Our Upwork Standard offering provides clients with access to freelance talent with verified work history on our platform and client feedback, the ability to instantly match with the right freelancers, and built-in collaboration features.

Upwork Enterprise

Our Upwork Enterprise offering, which is designed for larger clients, includes access to additional product features, premium access to top talent, professional services, custom reporting, compliance services, and invoicing on a monthly basis.

Upwork Pro

Our Upwork Pro offering provides additional services to clients including job post and search assistance.

Upwork Payroll

Our Upwork Payroll service is offered to clients whose freelancers are classified as employees for engagements on our online marketplace. With Upwork Payroll, third-party staffing providers provide employment services on behalf of clients.

Managed Services Offering

Through our managed services offering, we engage freelancers to complete projects, directly invoice the client, and assume responsibility for work performed by freelancers.

Our Platform

Our platform provides clients with fast, secure, and efficient access to high-quality talent with more than 5,000 skills across over 70 categories, such as content marketing, customer service, data science and analytics, graphic design, mobile development, sales, and web development. Freelancers on our platform benefit from access to high-quality clients, rewarding work, and secure and timely payments while enjoying the flexibility to run their own businesses, create their own schedules, and work from their preferred locations. Our end-to-end software platform streamlines workflows, such as talent sourcing, outreach, and engagement for clients.

Our platform is accessible through our website and mobile applications for iOS and Android. We also provide a desktop application that runs on Windows, Mac, and Linux.

Freelancer Features and Functionalities



Freelancers apply to join our platform and then market their professional skills, experience, and portfolio. As they complete projects for clients on our platform, they build their business reputation with feedback and project history data visible on their profiles.

We enable freelancers to grow their businesses by seamlessly offering:

Targeted Profiles

Freelancers create a profile that typically includes a description of their skills and experience, the type of services they offer, the hourly rate they charge, their current availability, and other pertinent details, such as third-party certifications, writing samples, or portfolios of their work. This profile is the way that freelancers market their businesses on our platform. Based on the profile, we use predictive analytics to only accept the registrations of in-demand freelancers most likely to find success on our platform.

Example Freelancer Profile

Work history and feedback from past jobs

Featured work that showcases skills and experiences

A list of skills and tests that were completed

Employment and education history

Upwork HOME JOBS FREELANCERS REPORTS MESSAGES

Katy W. 100% Job Success TOP RATED

Graphic Designer

My name is Katy Welch, and I am a graduate of Ferris State University with a graphic design degree in the College of Business. I have a bachelors in graphic design and a minor in art history.

\$100.00 Hourly Rate \$30k+ Total earned 69 Jobs 180 Hours worked

Work History and Feedback Newest first All Jobs My Company

I need a Church brochure design created and ready to print in the next 2 days ASAP! \$500.00 Fixed Price

Apr 2018
No feedback given
[View More \(36\)](#)

Portfolio All categories

Experiential Design Illustration

Skills

Graphic Design User Experience Design Web Design Logo Design Typography

Tests

NAME	SCORE (OUT OF 5)	TIME TO COMPLETE
U.S. English Basic Skills Test	4.90 View Link	12 mins Details

Employment History

Graphic Designer | Steller Design Group
December 2012 - May 2013
[View More \(3\)](#)

Education

Ferris State University
2008 - 2012

Invite To Job
[Hire Now](#)
[Save](#)
[Flag as Inappropriate](#)

Availability
Available As Needed - Open to Offers
< 24 hrs response time

Profile Link
<https://www.upwork.com/>
[Copy Link](#)

Location
Prisco, TX
United States

Languages
English: native or bilingual

Validated Expertise

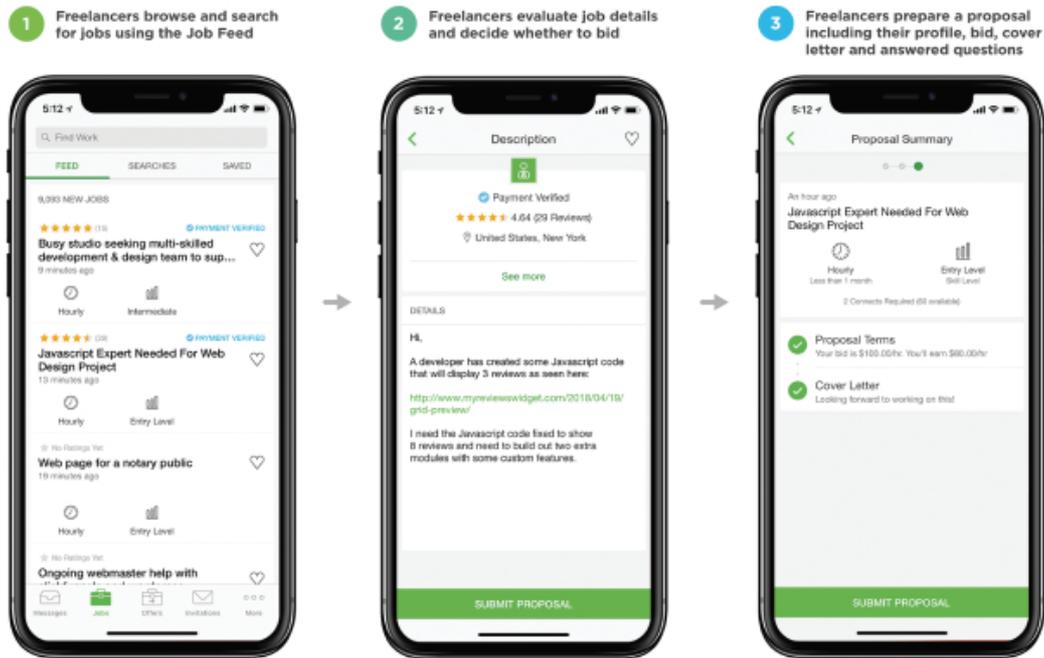
Freelancers have the opportunity to take over 300 skill tests to demonstrate their capabilities for their profiles. Additionally, they can link to third-party certifications, work portfolios, or other samples of their work. Freelancers' profiles also include data from their work history on our platform, including client feedback, number of hours billed, projects completed, and amount earned. This validated expertise is a critical factor to build trust, giving clients confidence in hiring freelancers for their next project.

Ideal Projects

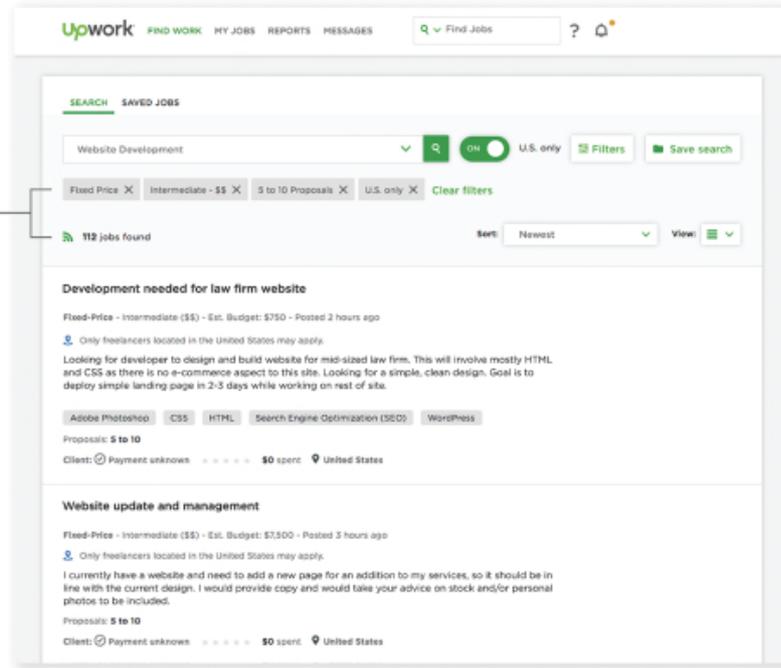
Job Feed. After a freelancer's registration is accepted, our platform immediately highlights relevant project postings through a job feed to enable the freelancer to find work efficiently. Freelancers can choose the projects that fit their skills and interests.

Search. Our robust search functionality enables freelancers to perform keyword searches and deploy advanced filters to find projects that meet their exact criteria, such as specifying project types and skills needed, client ratings, client geographies, and whether they prefer hourly or fixed price projects.

Example Job Feed, Job Details View, and Proposal Submission Workflow



Filters that allow you to narrow thousands of jobs to hundreds to better fit your search needs



Easy Bidding

Submit Proposals. Once freelancers find a project they are interested in, they submit a proposal to the client, including proposed pricing terms.

Respond to Invites and Interviews. Our platform allows freelancers and their prospective clients to safely communicate project details, timelines, and deliverables prior to entering into a contract.

Secure Contracts

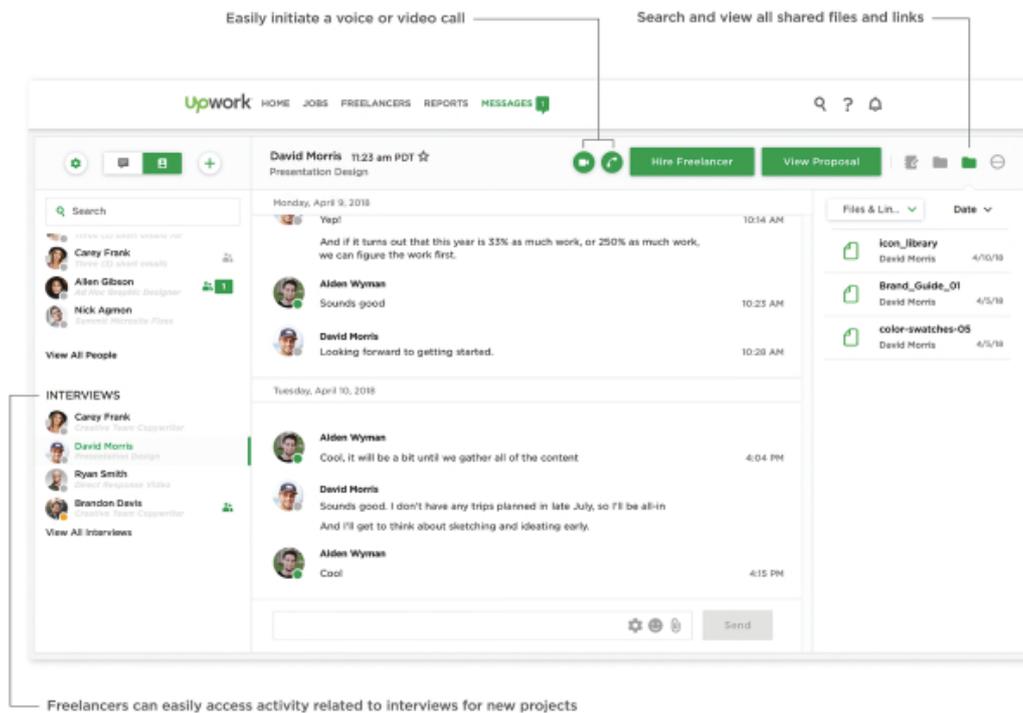
Upwork Standard clients contract with freelancers directly through our platform. There are two types of contracts: hourly and fixed price. Hourly contracts are billed automatically on a weekly basis. Fixed price contracts require the client to deposit funds that are held in escrow for each agreed upon deliverable or milestone. The client and freelancer are free to negotiate any other contract terms they choose, but we also provide optional service contract terms that they can incorporate, which include provisions assigning the intellectual property rights for work that has been paid for to the client.

Efficient Collaboration

Once a freelancer accepts a contract offer from a client, the contract is created and work can begin.

Freelancers are able to seamlessly communicate and collaborate on projects with clients using features of our platform including chat, voice call, video conference, and file sharing—all designed to enable more productivity, higher engagement, and increased success on our platform.

Our Collaboration Platform

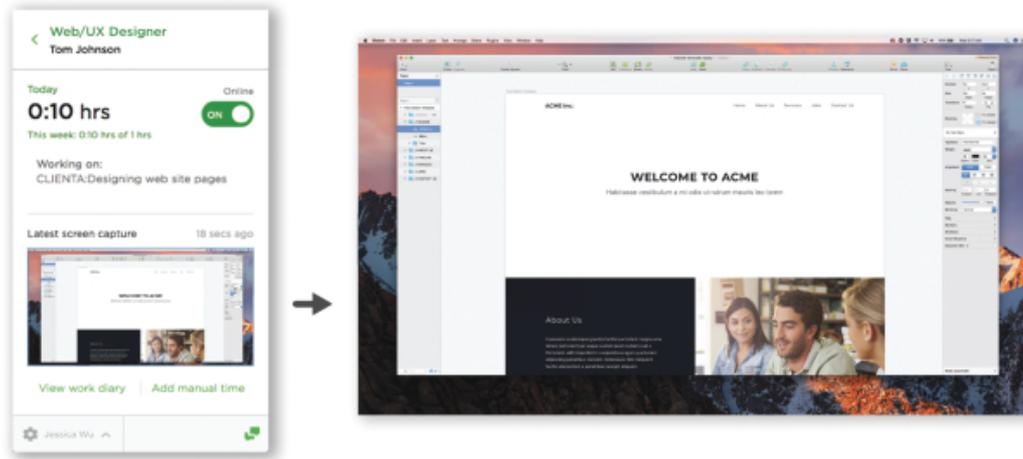


Fast Payments

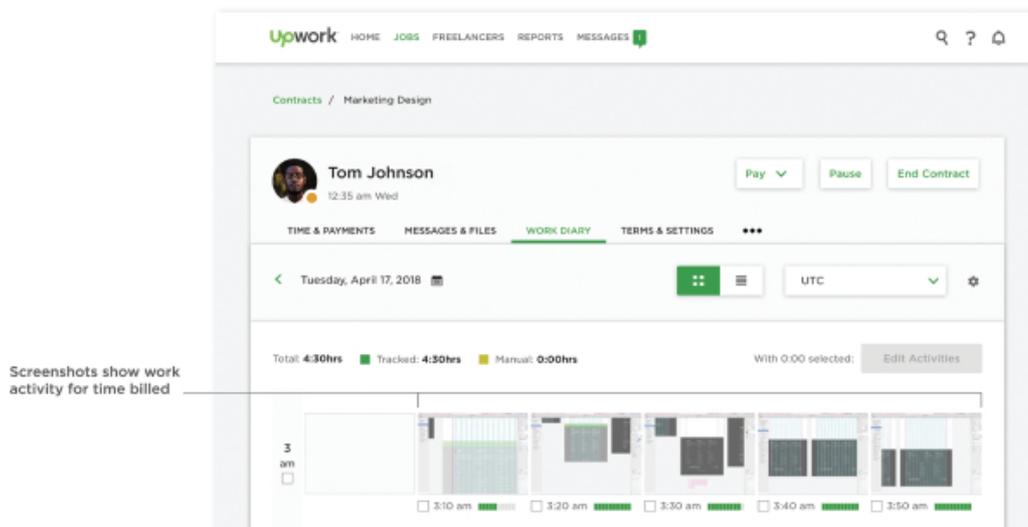
Freelancers on our platform get paid faster than through traditional arrangements where they often get paid 30 or more days after the date of the invoice. On our platform, freelancers are paid within 10 days from the date the client is invoiced for hourly contracts and five days after the client releases a milestone or final payment for fixed price jobs.

Time Tracking. For hourly contracts, freelancers can choose to use our Hourly Time Tracker to, with a push of a button, log time and automatically bill their clients. Clients can review the time invoiced by freelancers and associated screenshots of completed work using the Upwork Work Diary. Fixed price contracts are invoiced once the deliverable or milestone is completed.

Freelancers Track Time for Automated Invoicing Using the Hourly Time Tracker



Clients Can Review Screenshots of Hourly Work Completed Using the Upwork Work Diary

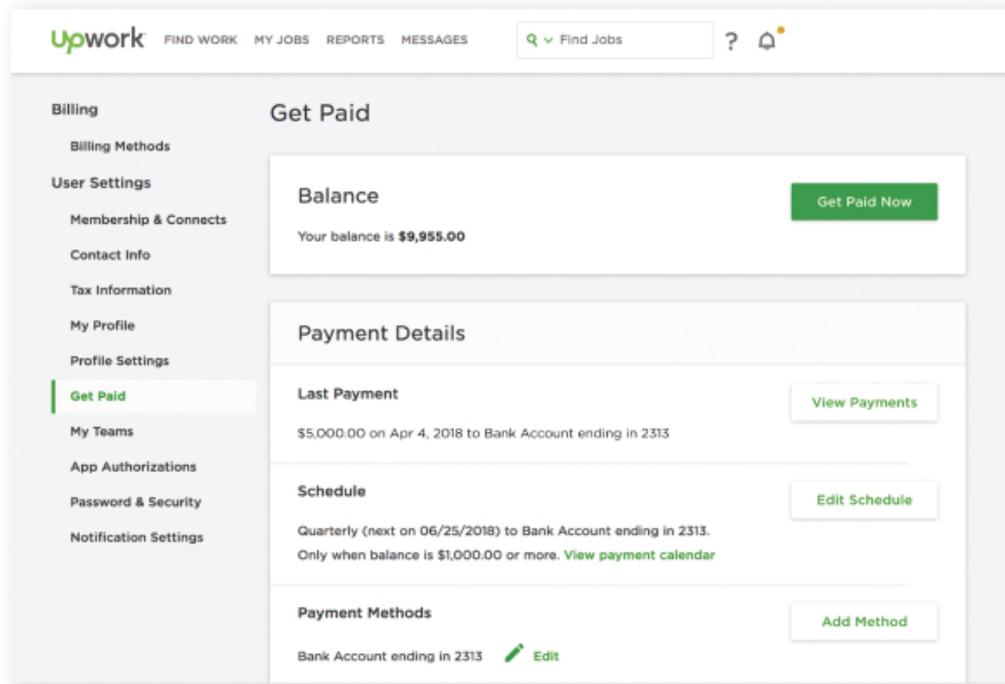


Fixed Price Billing. Once a milestone has been completed, the freelancer submits the work to the client through our platform, and initiates a request for review and payment. The client either accepts the work, which releases the funds from escrow, or requests changes. If either party feels the contract terms were not met, they may escalate the issue and request assistance from us, and if that is unsuccessful, they may choose to resolve the dispute with the help of a third-party arbitrator.

Withdrawing Funds

Freelancers can withdraw funds in numerous different currencies through our integration with third-party payment providers. With our weekly billing cycle, freelancers get paid more reliably and faster than through traditional channels.

Freelancers Can View Earnings, Schedule Upcoming Withdrawals, or Initiate Immediate Withdrawals



Reputation-Building

Upon contract completion, each party is asked to leave feedback about the other party. Client feedback contributes to the freelancer’s overall success score reflecting client satisfaction, which we call a Job Success Score, or JSS. Feedback is an important component of the freelancer profile as it builds trust and facilitates matching by communicating not just ratings from clients, but also information from clients about freelancers’ strengths and demonstrated abilities.

Repeat Business

After a freelancer completes a project for a client, the freelancer can propose additional projects or milestones to their client. Additionally, the client can contract again with any freelancer that they have a previous relationship with through an easy contracting flow for repeat business. Clients often build a bench of preferred freelancers that they contract again for project needs.

Client Features and Functionalities



Register and Onboard

Clients register on our platform and have the opportunity to invite service providers that are not already on our platform to join our platform. By bringing their service providers onto our platform, clients can benefit from consolidated invoicing and billing, reporting, and budget management across all freelancers and other vendor talent.

Find Quality Freelancers

Posting Jobs. Clients complete a job posting that includes their project description, budget, timeframe, specific skill requirements, and any additional details they add. For an additional fee, clients may also make their job “featured,” which gives their posting extra visibility in the search function. After the job post is complete, our platform highlights relevant freelancers so the client can invite them to submit a proposal.

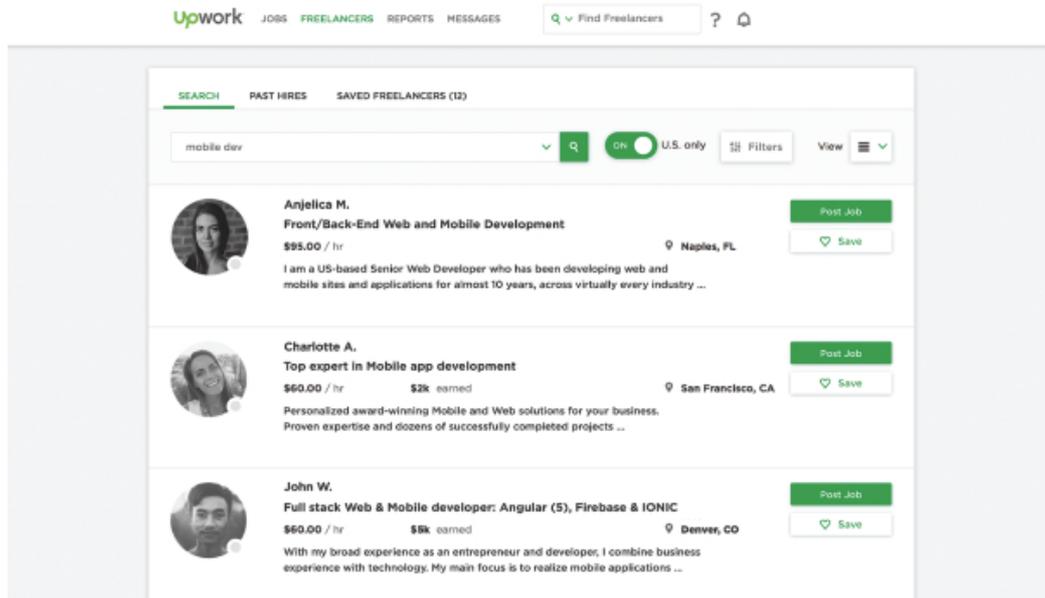
Clients Specify Project Requirements Through Job Posts

The image shows a screenshot of the Upwork 'Post a Job' form. The form is divided into several sections, each with a corresponding annotation on the right side:

- Describe the Job:** This section includes a 'Name your job posting' field, a 'Describe the work to be done' text area with a rich text editor, and an 'Attachments' section for uploading project files. The annotation reads: "Write a detailed description about your project and add attachments to better communicate your goals".
- Where will this work be used?:** This section contains six icons representing different work environments: Web, Mobile, Print, Desktop, Tablets, and Other. The annotation reads: "Select where your work will be used".
- How many freelancers do you need to hire for this job?:** This section has two radio button options: "I want to hire one freelancer" and "I need to hire more than one freelancer". The second option is selected. The annotation reads: "Choose to hire one or multiple freelancers and determine if you want global or U.S.-only applicants".
- Do you only want freelancers within your country to see and submit proposals to this job?:** This section has two radio button options: "Only freelancers in the U.S. (or India)" and "Freelancers in any location (or both)". The second option is selected. The annotation reads: "Choose to hire one or multiple freelancers and determine if you want global or U.S.-only applicants".
- Enter skills needed:** This section features a list of skill tags such as "Graphic Design", "Article Writing", "Mobile App Development", etc., and a text input field to "Type to add a new skill". The annotation reads: "Select and enter the skills needed for your job".
- Rate and Availability:** This section includes a dropdown menu for "How would you like to pay?", a "Budget" input field, and three buttons for "Desired Experience Level": "Entry Level", "Intermediate", and "Expert". The annotation reads: "Insert budget and desired experience level".

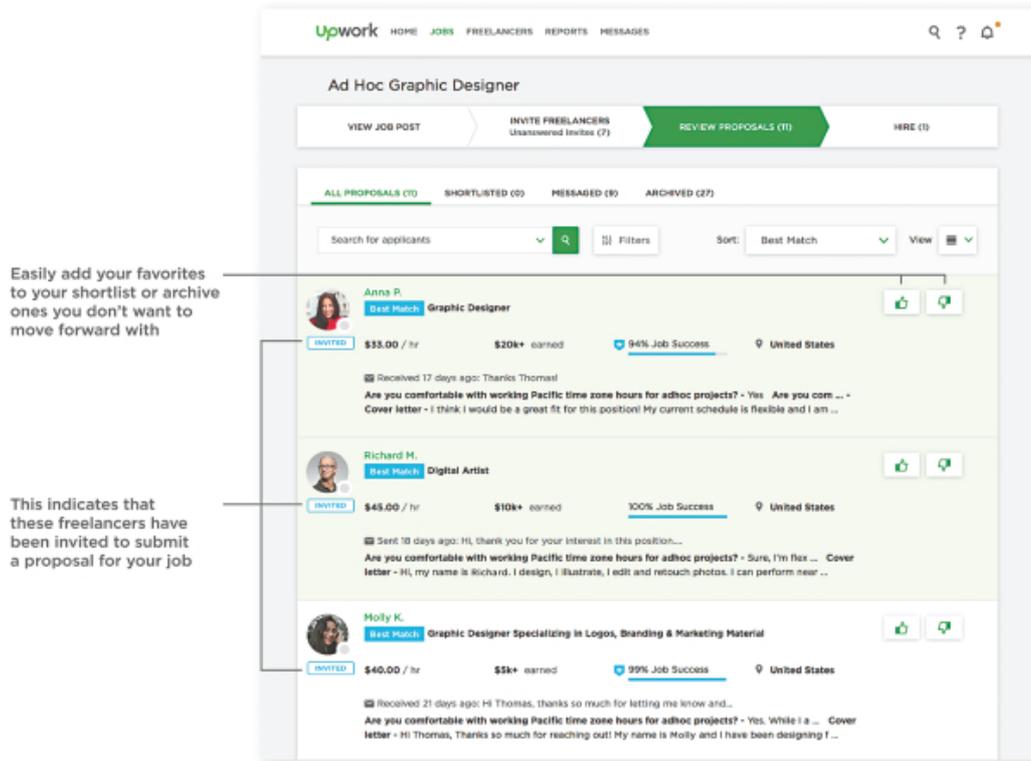
Searching for Freelancers. To find new talent, we enable clients to search the marketplace for freelancers using customized filters, such as geography, experience level, and hourly rate. Our machine learning search algorithms leverage a broad array of proprietary data to enable clients to find the freelancers that best match their needs.

Freelancer Search



Evaluate Proposals

Proposal Tracking System



Contract Securely

Clients contract with freelancers directly through our platform. Once freelancers are identified or have submitted a proposal to a job—most jobs get proposals within minutes—clients can interview them and extend an offer detailing the proposed contractual terms. The freelancer may propose changes to the offer before accepting the contract.

In addition to contracting with freelancers directly, clients can also enroll in our Upwork Payroll services to receive services from freelancers they find on our platform that are hired by our vetted third-party employment providers as employees.

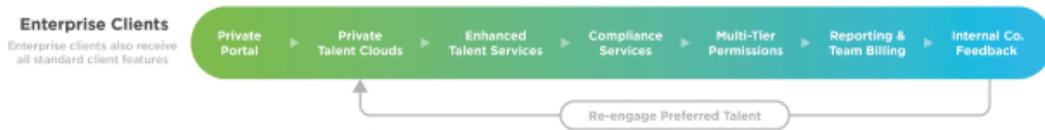
Automate Payments. Upwork Standard clients participate in automated payments for hourly contracts, thereby lowering administrative burden for themselves and their freelancers. For hourly contracts, unless a dispute is filed, the invoiced funds are automatically charged to the client's pre-selected payment method. Clients may pay by credit card in five currencies (U.S. dollar, Euro, British Pound, Australian dollar, or Canadian dollar), electronically through the Automated Clearing House, by wire, or through third-party payment providers in USD. For fixed price contracts, clients fund escrow upon creation of a milestone and the escrow funds are released to the freelancer upon milestone approval.

Provide Ratings. Upon contract completion, both parties are asked to leave feedback about the other party.

Re-engage Preferred Talent

Clients can offer a contract—including scope of work and hourly bill rate or fixed price project amount—to any freelancer on our platform at any time. This “Direct hire” functionality—a streamlined offer and acceptance flow—is used extensively by clients seeking to re-engage a freelancer they worked with previously for a new project.

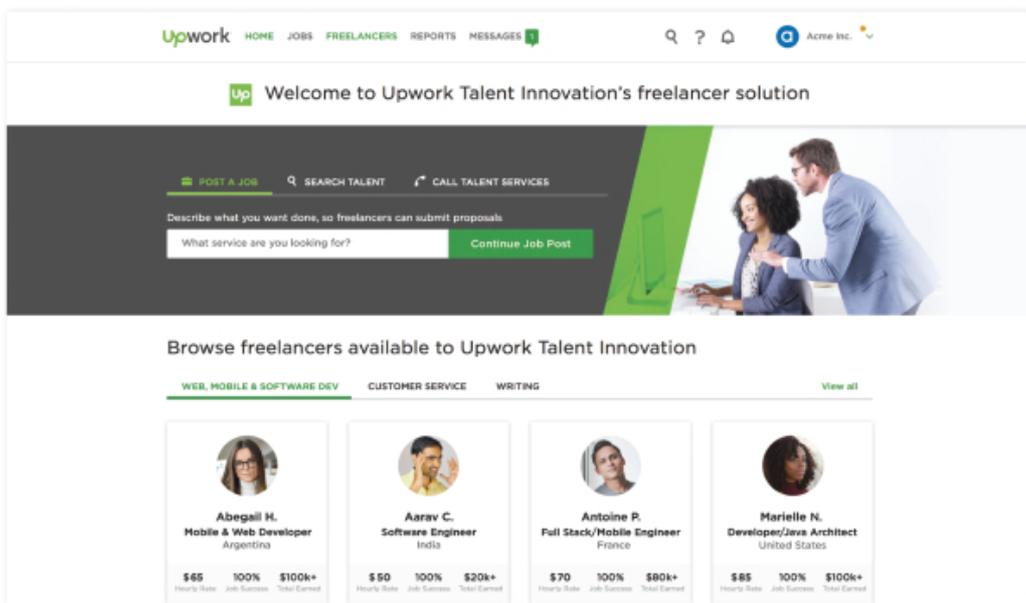
Upwork Enterprise Offering



Private Portal

Adoption of our Upwork Enterprise offering is facilitated by our single-sign-on feature and company-customized homepages that orient new users and educate them on the specifics of their company’s talent program with our platform. This portal provides resources to help users get started, including easy ways to contact our premium talent services team.

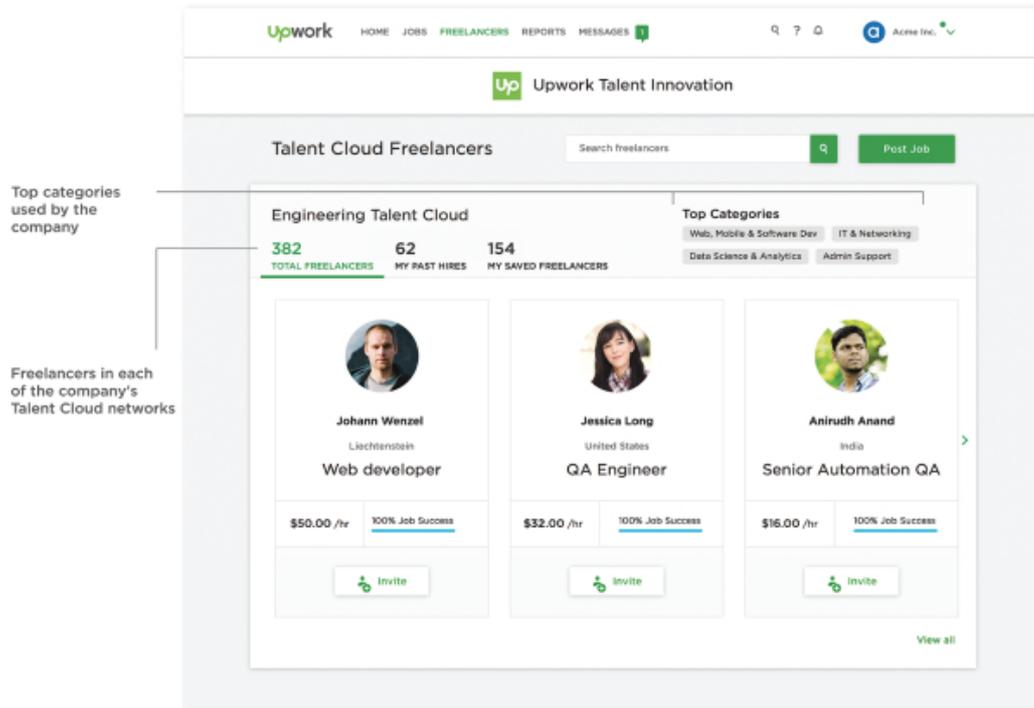
Example Private Portal for an Enterprise Client



Talent Clouds

Our Talent Cloud functionality enables enterprise users to access pre-qualified, pre-defined freelancer talent pools that meet the unique needs of the enterprise business. Upwork Enterprise users or our own talent services representatives can organize and access groups of freelancers with specific skills or experience using Talent Clouds.

Example Talent Cloud



Enhanced Talent Services

Talent services representatives assist in understanding client needs and help clients use our platform to find the right freelancers for their projects. Upwork Enterprise clients also receive enhanced customer support services to enable efficient engagement of anywhere from tens to thousands of freelancers. Moreover, users of our Upwork Enterprise offering have access to a custom dashboard and workflow to ensure freelancers meet obligations unique to the enterprise, such as completion of client required vetting steps, agreements, and background checks, before such freelancers start working on projects for clients.

Compliance Services

Robust compliance services are available to determine correct worker classification through a technology-enabled classification evaluation. Our classification process was created with the help of legal experts and leverages our data and state-of-the-art client and freelancer questionnaires, along with review of each engagement request by a compliance specialist.

Multi-Tier Permissions

We enable multi-tier permissions and access controls to meet the needs of more complex businesses that require a wider array of user types and access levels than typical marketplace clients. Enterprise clients can use our purchase order approval workflows to ensure they have sufficient budget and can track their spend against purchase orders.

Rich Reporting & Term Billing

We provide robust reporting tools so that all spend can be tracked, giving clients dynamic visibility into budget and spend. Differentiated reporting enables deeper insights into spend, while term billing enables business to pay the way they are accustomed to. Our Upwork Enterprise offering provides consolidated invoicing to clients on a monthly basis.

Internal Company Feedback

Upwork Enterprise clients can provide feedback on a freelancer that is accessible only to people within their organization. Additionally, clients can view and share freelancer feedback specific to the client's organization before selecting the freelancer.

Trust and Safety

We focus on making our platform the most trusted to get work done by striving to ensure that it is professional, users are unique and accurately represented, and the matching process results in good outcomes for both parties. We perform a broad spectrum of activities to support these goals, including:

Preventing and Detecting Suspect Activity

We use state-of-the-art systems designed to detect and prevent suspect content and conduct on our platform. Our systems include security models that flag suspicious activity, tools that scan site content, and entire teams dedicated to second-level review and investigation who can, if necessary, remove jobs and profiles. In addition, to investigate identity when necessary, we use a range of methods such as third-party identification verification service providers, internal manual identification verification processes, webcam conferencing, and document collection and review.

Feedback System

A key feature fostering trust between freelancers and clients is our two-way feedback process, allowing both parties to give feedback on each other. This process gives our users a point of reference through which they can evaluate counterparties prior to entering into a contract.

- ***Freelancers.*** Client feedback for freelancers is captured in three ways: 5-star feedback that is displayed publicly, feedback provided privately to us, and the JSS. The JSS incorporates both private and public feedback and other important factors indicating client satisfaction, such as job spend and repeat business. The JSS helps top freelancers differentiate themselves on our platform.
- ***Clients.*** Freelancers can give clients both public and private feedback after the completion of a project, allowing the freelancers to provide candid feedback on their experience with the client. Clients are scored and reviewed through public comments, providing a benchmark for freelancers and helping to ensure that the best clients are easily identifiable.

Escrow Services

We are licensed as an internet escrow agent by the DBO. Pursuant to the DBO's regulations, all funds are held in our escrow account and are released only according to escrow instructions that have been agreed upon by freelancers and clients. For fixed price contracts, the client deposits funds that are held in escrow, in whole or by milestone, before the freelancer starts to work. The escrow funds are then released to the freelancer upon completion of a project or a milestone. For hourly contracts, the client receives an invoice on a weekly basis and has several days to review the invoice. Funds are released to the freelancer after the review period unless the client files a dispute. In the case of any dispute between freelancers and clients over funds held in escrow, we have a dedicated team focused on facilitating a resolution between them.

Compliance Operations

We have voluntarily implemented an anti-money laundering, or AML, program designed to prevent our platform from being used to facilitate money laundering, terrorist financing, and other illicit activity. Our AML program includes know your customer procedures, which involve customer identity verification and enhanced due diligence. Moreover, we have screening systems and processes in place designed to ensure that we do not do business in countries, or with persons or entities, included on lists promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Controls.

Clients on Our Platform

Our platform enables businesses of all sizes, from small businesses to Fortune 500 companies, to find the talent they need when they need it. In the twelve months ended June 30, 2018, approximately 475,000 clients worked with freelancers on our platform.

Client Case Studies

Microsoft

The mission of global technology leader, Microsoft, is to empower every person and every organization on the planet to achieve more. In support of that mission, Microsoft, based in Redmond, Washington, began exploring ways to effectively engage the freelance or "on-demand" workforce.

To realize the speed and efficiency of a freelance model, Microsoft formed a cross-disciplinary team including stakeholders from key internal business groups. Microsoft then partnered with us, utilizing our Upwork Enterprise offering, to launch an enterprise-grade freelance pilot program, giving Microsoft's employees access to on-demand freelance talent. Supported by a training and compliance framework, the pilot has delivered substantial, measurable results while ensuring responsible engagement.

In less than a year, Microsoft has completed nearly 1,800 projects on our platform and conducted an extensive analysis proving compelling results in the form of increased speed to engage, quality of work, and cost savings.

GE GENIUSLINK

General Electric is a global industrial company based in Boston, Massachusetts, with products and services ranging from aircraft engines, power generation and oil and gas production equipment, to medical imaging, financing and industrial products. In order to serve its customers in over 180 countries across its business segments, General Electric requires quick and reliable access to a wide variety of skills.

Today, teams across General Electric use our platform to help accelerate projects, increasing productivity and savings, while scaling across a wide variety of skills including video production, print and online advertisements, customer service support, data management, and project management. General Electric has reported that they have been able to complete projects at least 50 percent faster as compared to traditional hiring methods by using our platform.

General Electric's on-demand initiative, which brands itself as GE GENIUSLINK, is led by a corporate team that matches talent to projects. We are a key component of GE GENIUSLINK's talent strategy to be more agile and drive performance by getting business done faster with direct access to a global network of freelance experts. By partnering with us, GE GENIUSLINK has tripled its external talent pool.

General Electric reports that this partnership is helping their teams get business done faster by delivering the right talent resources, at the right time, with the right outcomes including:

- completing over 100 projects across 7 different categories;

- average project duration of 6 months;
- ability to hire talent in less than one day; and
- 4.95 out of 5.0 job success ratings.

“Markets today demand a level of speed and sophistication that are increasingly difficult to achieve using traditional approaches. Our partnership with Upwork helps our teams get business done faster by providing direct access to a global network of freelance experts—with rapid collaboration to drive speed and productivity for General Electric teams and customers.” — Dyan Finkhousen, President of GENIUSLINK and Director of Open Innovation and Advanced Manufacturing at General Electric

Corel Corporation

Corel Corporation is a global software company based in Ottawa, Canada, specializing in creative graphics and most well-known for its flagship software, CorelDRAW® Graphics Suite. As a leader in technology for graphics artists around the world, Corel has a long history of working with highly-skilled freelancers in development, QA and graphic design, but the process for which they tracked and paid their workers was arduous and time-intensive. As a result, Corel knew they needed a more effective way to engage, track, and measure their freelance workforce.

In 2010, Corel selected Upwork to help them engage more than 250 freelancers across the organization on a central platform that enabled them to coordinate work, process payments, and measure the productivity of their freelance workforce. Utilizing our platform, Corel created a customized hiring process that helped them coordinate contract renewals, purchase orders, invoice processing, and payments. As a result, Corel reported savings of nearly an hour per freelancer, per month.

Having established a more efficient way to work with freelancers, Corel explored new opportunities to expand their usage of our platform. In doing so, they increased their spend on our platform by 60 times per month since starting on the platform. Teams across marketing, product, research and development, and operations have doubled the number of freelancers they source on the platform, spanning across multiple categories including web development, quality assurance, and graphic design.

In expanding their program with us, Corel has been able to focus their time on more strategic initiatives, reporting productivity benefits, including:

- completing nearly 150 projects per month across 10 different categories;
- average fill rate of 88% of jobs posted (industry average is around 50%);
- 4.87 out of 5 success ratings; and
- time savings of over 100 hours per month.

“As we continue to drive innovation across our product lines, we need to ensure we have the right talent at the right time to meet changing business requirements. We don’t have time to invest in going through contract renewals, purchase order processing, and financial accounting. This is time that is better spent on more strategic initiatives. With Upwork, we have a centralized solution that gives us full visibility into our freelance workforce while providing us access to quality freelancers with in-demand skills that can help us innovate our product offering.” — Prasanna Ganesan, Chief Operating Officer at Corel

Tophatter

Tophatter is a mobile shopping marketplace that supports more than 20 million shoppers around the world competing in 90 second auctions for jewelry, electronics, beauty, and fashion. Founded in 2012 in San Francisco, California, Tophatter has a team of 80 employees and sells approximately three million products each month. In

2016, Tophatter was preparing to expand and needed dozens of additional multilingual customer support specialists. However, Tophatter faced two challenges: finding enough qualified talent and finding talent within budget in the highly competitive San Francisco Bay Area. Tophatter decided to test using freelancers and used our platform to source and hire nearly 80 freelance customer support specialists across 28 countries in 13 time zones. Tophatter saw immediate benefits, reporting they were able to hire in as little as between 24 and 48 hours, compared to the 60 days it took to find qualified employees. As Tophatter doubled in size in 2017, the customer support department exceeded its goals. Most notably, Tophatter increased its support capacity by 312 percent and raised customer satisfaction scores by 30 percent. Upwork is now a go-to resource for other departments including trust and safety, quality assurance, marketing, finance, and account management to find freelancers to support Tophatter's continued growth.

"It's nice to know freelancers are available to support us doing what we want to do. Nearly every department in the company has at least one or two freelancers found on Upwork." — Aimee Valle, Head of Buyer Support at Tophatter

Penn Foster

Penn Foster is an education institution and upskilling platform helping over 150,000 adult learners and opportunity youth each year launch and accelerate careers in middle skills occupations across industries including allied health, skilled trades, hospitality, and retail. The company, which is based in Scranton, Pennsylvania and Boston, Massachusetts, has been helping educate workers for over 125 years and has over 500 employees. Prior to using our platform, the company's content development team worked with more than 100 freelance content experts on average each year to design and develop their course content. The manual process of combing through local contacts, searching the internet, and sending cold calls and emails to find talent was time-consuming and costly. With access to freelancers on our platform, Penn Foster reported that it was able to dramatically reduce their recruiting time by 95 percent per freelance subject-matter expert, which has enabled the company to develop up to ten more courses per quarter. Our platform's broad pool of freelancers enables Penn Foster to find qualified subject-matter experts, many of whom are teachers and leaders in their respective fields, with proven track records who more efficiently and cost-effectively develop higher quality content. In turn, Penn Foster is better able to prepare its students for their work and future careers.

"Upwork enables us to find and start working with experts in under two days. As a result, we are able to turn the time savings into increased productivity, delivering even more quality courses for our students." — Frank Britt, CEO of Penn Foster

Chess.com

Chess.com is the world's largest online chess platform with over 23 million members and more than 2 million games of chess played every day. Chess.com was started in 2005 and started to grow quickly. It was challenging to find talent locally in the San Francisco Bay Area, so the company turned to our platform as the quickest way to access the skills needed to support growing project demands. Chess.com now runs as a fully distributed team, and as they have expanded in customer size and usage, they have engaged over 150 freelancers on our platform including mobile and web developers, content creators, and customer support people, with many projects turning into long-term relationships.

"When we founded the business back in 2005, we did not set out to build a virtual workforce. Today, our team is entirely virtual, with team members, including freelancers, located across 12 countries. I am a firm believer in the remote workforce model. At the end of the day, we want to give people the freedom to choose how they work and the ability to live their best lives." — Erik Allebest, CEO of Chess.com

Instapage

Instapage is a marketing platform that helps teams create, personalize, and optimize landing pages at scale. Founded in San Francisco, California in 2012, the company grew quickly and needed to expand its team to

include additional customer support professionals, web developers, and creatives. However, Instapage struggled with competition for local talent and costs in the Bay Area. To solve these issues, in 2012, Instapage began using our platform. Now with over 150 employees, Instapage uses our platform to hire freelancers throughout its business, including in marketing, customer service, and web development. For its customer support team, Instapage reports that it estimated that by working with skilled freelancers outside of the San Francisco Bay Area, it has saved at least \$2.3 million annually, which it can then re-invest in the growth of its business.

“Engaging freelancers outside of the Bay Area helps us be competitive because we can not always find top-quality people here. And the cost savings helps us continue to grow the company.” — Tyson Quick, Founder & CEO of Instapage

Medpricer

Medpricer provides spend management software solutions for healthcare organizations. Based in Guilford, Connecticut, Medpricer is growing quickly and their marketing department often needs help with fast turnaround marketing projects, oftentimes within two days. Medpricer has found working with freelancers on our platform to be the most effective way to meet these tight marketing project deadlines, get fresh ideas for projects, and ensure an efficient marketing spend. Medpricer’s team focuses on hiring freelancers within the United States to minimize time zone difference and has hired freelancers in 15 different categories, including video production, design, and public relations.

“With Upwork, we can find someone with the skills we need, invite them to a project, and start the work before we may have even received a call back using traditional routes.” — Mickey Meehan, Vice President of Products and Marketing at Medpricer

Freelancers on Our Platform

Freelancers on our platform include independent professionals and agencies of varying sizes. In the twelve months ended June 30, 2018, approximately 375,000 freelancers completed projects through our platform, and every day on average approximately 10,000 independent professionals and agencies apply to join our platform.

Freelancer Testimonials

Sheri Baker, Content Writer and Principal of Beyond Content Studio in Atlanta, GA

“There is a new generation of women and men in the workforce who want more both from their professional and personal lives. Upwork provides a backbone on which to build a career that leads to both financial and personal freedom. That is the future of work,” said Sheri Baker, Upwork freelancer. “Simply put, as an Upwork freelancer, I have the unique privilege of being a critical part of my clients’ - and family’s - most important moments and biggest milestones. And that is a huge honor.”

Brad Martin, Virtual & Augmented Reality Developer and owner of Another Reality Studio in St. Louis, MO

“Upwork is one of the only places to find good remote work in cutting-edge technology, which makes it possible to not have to move to one of the big expensive technology-centric cities in the United States just for a job,” said Brad Martin, Upwork freelancer and founder and owner of Another Reality Studio, an extended reality development studio. “Because of Upwork, I realized I could start my own business and have a direct connection with potential clients all over the world, while also having the control to live and work where I want.”

Tanya Kobzar, CEO of Diversido Mobile, a web and mobile development agency in Kyiv, Ukraine

“We wanted more freedom, so we decided to start our own mobile and web development agency and Upwork helped us connect with clients around the world,” said Tanya Kobzar, CEO of Diversido Mobile, a web and mobile application development agency. “We started with three people and now have a team of 20 developers and have made over \$1 million in revenue. Upwork allows us to connect with clients and work on exciting projects.”

Usama Riaz, Web and Mobile App Developer and owner of Minibit Technologies in Sacramento, CA

“Freelancing is the future of work because it gives people the freedom to work on their own terms. Because of sites like Upwork, I was able to grow my own business while I was in high school and college. Today, my business is thriving, and I get to work on things that deeply interest me,” said Usama Riaz, a web and mobile developer who realized he could run his own business doing exciting work rather than working for a company that dictated how and when he worked and what he could work on.

Research and Development

We invest substantial resources in research and development to enhance our platform, develop new products and features, and improve our infrastructure. We believe that our differentiated technology and intellectual property will help us maintain our position as the largest online global marketplace that enables businesses to find and work with highly-skilled freelancers. Our research and development expenses were \$37.9 million and \$45.6 million for 2016 and 2017, respectively. For the six months ended June 30, 2018, research and development expenses were \$26.3 million.

Sales and Marketing

Our sales and marketing organizations work closely together to increase awareness, generate client demand, build a strong sales pipeline, and grow account relationships across businesses of all sizes, from small businesses to Fortune 500 companies, to accelerate GSV growth.

Marketing

A majority of our client and freelancer registrations come through direct and non-paid channels. In 2017, more than 80% of our attributed client registrations and a vast majority of our new freelancer registrations came from direct navigation to our website and mobile applications, unpaid search results, and free referrals.

Our marketing strategy starts with driving cost-effective awareness of our brand and the benefits of hiring remote talent. We draw insights and trends from our platform to drive broad public relations coverage. We also help shape influential conversations around the future of work through major media outlets to drive awareness of remote work.

The majority of our marketing activities are focused on our Upwork Standard offering, which enjoys high NPS scores that generate significant word of mouth. We increase our new client pipeline with a variety of digital, direct mail, and event marketing programs. We deploy email and lifecycle marketing initiatives to retain, cross-sell, and upsell existing clients. We have recently begun testing with offline advertising in a small number of metropolitan markets to increase brand awareness.

We complement our Upwork Standard strategy with focused outbound programs targeting enterprise organizations with existing adoption of our platform. Once prospects are identified, we work closely with our enterprise sales team to broaden adoption of our platform into wider-scale deployments.

Enterprise Sales

Our enterprise sales team is currently focused on acquiring and growing clients with workforces of more than 100 employees. Our enterprise sales team helps new and existing clients build and execute awareness campaigns through workshops, webinars, and marketing events that drive additional spend through our platform. This land-and-expand strategy helps clients ramp their usage of our platform driving more value, awareness, and adoption over time.

Our Technology

We utilize a flexible systems architecture to allow us to scale easily as our platform usage increases and to provide a consistent and robust user experience. We host our platform on AWS servers.

The core elements of our technology are:

Reliability

Our infrastructure is designed to provide high reliability and robust platform performance. There are three components to our reliability strategy:

Services-Oriented Architecture. We have focused on building a services-oriented architecture that is designed to independently scale, or failover, as needed, leveraging the AWS platform. As a result, since integrating with AWS, we believe we are more resilient to unexpected surges in traffic, or to new code changes that we may introduce.

Isolation as a Design Philosophy. Leveraging the philosophy of domain-driven design, we have divided our platform into multiple sections to reduce the likelihood that a failure in any one section of our platform would negatively impact other sections of our platform.

Self-Monitoring and Self-Healing. Our platform is designed to continuously monitor its own health and act appropriately, particularly during our deployment of new code.

Security

Our platform is designed to help ensure security and protect our users' information and identity.

We have implemented comprehensive trust and safety processes to help prevent and detect suspicious behavior on our platform. Over the years of developing our platform, we have developed and refined specific pattern-matching algorithms to detect unusual behavior on our platform. To operate at scale, we have automated several risk mitigation strategies.

Another component of our security strategy is to leverage third parties who provide value-added user verification services. Augmenting our knowledge of user identity through these third-party services improves our ability to better detect and verify suspicious activity on our platform.

All access to the site is encrypted using industry-standard transport layer security technology. When users enter sensitive information, such as tax identification numbers, we encrypt the transmission of that information using secure socket layer technology. We also use HTTP strict transport security to add an additional layer of protection for our users. For servers that store personally identifiable information, the data is encrypted. In order to make secure payments through our platform, we are also Payment Card Industry Data Security Standard certified, which means we have demonstrated compliance with the Payment Card Industry security standards required for businesses that complete credit card or debit card transactions.

Our users may elect to further secure their account credentials through two-factor authentication that requires them to authenticate on a second device.

Machine Learning Predictive Capabilities

We leverage historical data to create a continuously improving experience for freelancers and clients. Our platform contains a large repository of closed-loop data for the entire lifecycle of work starting from when clients post projects, to when freelancers and clients match, how they communicate, how and when payment is transferred, and finally feedback.

Utilizing machine learning capabilities to predict future behavior based on many years of historical use cases, we are able to leverage this data analysis to create stronger user experiences.

During the search process, we leverage our proprietary data to help freelancers and clients efficiently connect. We leverage machine learning to balance supply and demand within the marketplace as well. Freelancers receive data on market rates based on similar jobs when submitting proposals. When clients post jobs, similar rate resources also appear within the system. Upon registration, our machine learning algorithms assess a freelancer's potential to be successful on our platform based on the current supply and demand in addition to the skills in the freelancer's profile.

Scalability

Our cloud-based platform has been designed to scale with increased usage and to support sudden traffic spikes by easily and cost-effectively bringing additional capacity online as required.

Culture and Team

Our mission—to create economic opportunities so people have better lives—is integral to our culture, and how we hire, build products, and lead our industry. We practice a “work without limits” model that includes a distributed team of on-site and remote employees, and we also engage freelancers all over the world for our own specialized projects. We believe this results in a team that is continually engaged and passionate about the positive impact of our platform.

Our values are:

- Inspire a boundless future of work;
- Put our community first;
- Have a bias toward action; and
- Build amazing teams.

As of June 30, 2018, we had 395 employees, and, in 2017, we engaged over 1,000 freelancers to provide services to us on a variety of internal projects. None of our employees is represented by a labor union or covered by a collective bargaining agreement. We believe the positive relationship between us and our employees and our unique, strong culture differentiates us and is a key driver of business success.

The Upwork Foundation Initiative

In April 2018, we established The Upwork Foundation initiative. The objective of The Upwork Foundation initiative is to further our mission of creating economic opportunities to make people’s lives better by supporting:

- those who may not otherwise fully benefit from the changing nature of work, including through organizations focused on skill development in underserved communities;
- non-profit organizations to increase their social impact by using our platform; and
- our employees in volunteering in their local communities.

The initiative will include a donor-advised fund created through the Tides Foundation. We believe that building a sustainable program for charitable donations fosters employee morale, enhances our community presence, and strengthens our brand. In May 2018, we issued a warrant to purchase 500,000 shares of our common stock to the Tides Foundation at an exercise price of \$0.01 per share. This warrant is exercisable as to 1/10th of the shares on each anniversary of the effective date of this offering. Upon the exercise and sale of these shares, we will instruct the Tides Foundation to donate the proceeds from such sale in accordance with our direction.

In addition to the creation of The Upwork Foundation initiative, we have signed on to the Pledge 1% campaign, which publicly acknowledges our intent to give back and increase social impact. To fulfill our intent under this campaign, in addition to granting the warrant to the Tides Foundation, we will also implement programs allowing our employees to donate their time to volunteer programs and will be undertaking certain product initiatives designed to benefit nonprofit organizations. We believe this further displays to our employees and other stakeholders our commitment to further our mission across many communities. At this time, we do not plan to grant additional equity or donate profits in order to fulfill our intent under this campaign.

Competition

The market for freelancers and the clients that engage them is highly competitive, rapidly evolving, fragmented, and subject to changing technology, shifting needs, and frequent introductions of new products and

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services. We compete with a number of online and offline platforms and services domestically and internationally to attract and retain users. Our main competitors fall into the following categories:

- traditional contingent workforce and staffing service providers and other outsourcing providers, such as The Adecco Group, Randstad, Recruit, ManpowerGroup, and Robert Half International;
- online freelancer platforms that serve either a diverse range of skill categories, such as Fiverr and Freelancer.com, or specific skill categories;
- other online providers of products and services for individuals or businesses seeking work or to advertise their services, including personal and professional social networks, such as LinkedIn (owned by Microsoft) and GitHub (which has agreed to be acquired by Microsoft), employment marketplaces, recruiting websites, and project-based deliverable providers;
- software and business services companies focused on talent acquisition, management, invoicing, or staffing management products and services;
- payment businesses, such as PayPal and Payoneer, that can facilitate payments to and from users;
- businesses that provide specialized, professional services, including consulting, accounting, marketing, and information technology services; and
- online and offline job boards, classified ads, and other traditional means of finding work and service providers, such as Craigslist, CareerBuilder, Indeed, Monster, and ZipRecruiter.

In addition, well-established internet companies, such as Google, LinkedIn, and Amazon, and social media platforms, such as Facebook, have entered or may decide to enter into our market, and some of these companies have launched products and services that directly compete with our platform. For example, in 2016, LinkedIn launched ProFinder, its service to connect LinkedIn members with one another for service relationships. In the future, we may also compete with companies that utilize emerging technologies, such as blockchain or artificial intelligence.

We believe the principal competitive factors in our market include:

- platform features and functionality;
- size and engagement of user base;
- breadth of skill categories offered by freelancers;
- uniqueness, size, and scope of data assets;
- ease of use;
- vision for the market;
- brand awareness and reputation;
- level of user satisfaction;
- relationships with third-party partners;
- strength of sales and marketing efforts;
- ability to innovate and develop new or improved products and services; and
- pricing.

We believe that we compete favorably with respect to these factors.

Intellectual Property

The protection of our technology and intellectual property is an important aspect of our business. We rely upon a combination of patents, trademarks, trade secrets, copyrights, confidentiality procedures, contractual

commitments, and other legal rights to establish and protect our intellectual property. We generally enter into confidentiality agreements and invention or work product assignment agreements with our employees and consultants to control access to, and clarify ownership of, our software, documentation, and other proprietary information.

As of June 30, 2018, we held 14 issued U.S. patents and had 12 U.S. patent applications pending. We also held one issued patent in a foreign jurisdiction. As of June 30, 2018, we held 11 registered trademarks in the United States, including Upwork, Elance, and oDesk and also held 113 registered trademarks in foreign jurisdictions. We continually review our development efforts to assess the existence and patentability of new intellectual property.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or obtain and use our technology to develop products and services with the same functionality as ours. Policing unauthorized use of our technology is difficult. Our competitors could also independently develop technologies like ours, and our intellectual property rights may not be broad enough for us to prevent competitors from selling products and services incorporating those technologies. In addition, we may, in the future, be subject to claims that we are infringing, misappropriating, or otherwise violating the intellectual property rights of others.

Government Regulation

We are subject to a number of U.S. federal and state and foreign laws and regulations that are applicable to internet companies and businesses that operate online marketplaces connecting businesses with freelancers. These laws and regulations may involve worker classification, employment, data protection, online payment services, content regulation, intellectual property, taxation, consumer protection, background checks, payment services, money transmitter regulations, or other subjects. Moreover, we provide escrow services to our users and are therefore licensed as an internet escrow agent by the DBO. Many of the laws and regulations that are or may be applicable to our business are still evolving and being tested in courts and could be interpreted in ways that could adversely impact our business. In addition, the application and interpretation of these laws and regulations often are uncertain, particularly in the industry in which we operate.

Facilities

Our corporate headquarters are located in Mountain View, California, where we occupy facilities totaling approximately 32,000 square feet under a lease that expires in April 2019. We use these facilities for administration, sales and marketing, technology and development, engineering, and customer support.

We also lease offices in San Francisco and Chicago and rent working space in Colorado, Georgia, and Norway.

We intend to procure additional space as we add employees and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate any such expansion of our operations.

Legal Proceedings

We are not a party to any material pending legal proceedings. From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business.

MANAGEMENT

Executive Officers and Directors

The following table provides information regarding our executive officers, key employees, and directors as of August 31, 2018:

Name	Age	Position(s)
Executive Officers:		
Stephane Kasriel	43	President, Chief Executive Officer, and Director
Brian Kinion	51	Chief Financial Officer
Hayden Brown	36	Senior Vice President, Product and Design
Han-Shen Yuan	43	Senior Vice President, Engineering
Key Employees:		
Eric Gilpin	39	Senior Vice President, Sales
Zoë Harte	43	Senior Vice President, Human Resources and Talent Innovation
Efstratios Karamanlakis	53	Senior Vice President, Chief Technology Officer
Brian Levey	50	Chief Business Affairs and Legal Officer and Secretary
Rich Pearson	51	Senior Vice President, Marketing
Elizabeth Tse	50	Senior Vice President, Operations
Non-Employee Directors:		
Thomas Layton ⁽¹⁾	55	Executive Chairman
Gregory C. Gretsche ⁽²⁾⁽³⁾	51	Director
Kevin Harvey ⁽¹⁾	53	Director
Daniel Marriott ⁽¹⁾⁽²⁾	50	Director
Elizabeth Nelson ⁽²⁾⁽³⁾	57	Director
Gary Steele ⁽³⁾	56	Director

⁽¹⁾ Member of the nominating and governance committee.

⁽²⁾ Member of the audit, risk, and compliance committee.

⁽³⁾ Member of the compensation committee.

Executive Officers

Stephane Kasriel has served as our President and Chief Executive Officer and a member of our board of directors since April 2015. Prior to that, Mr. Kasriel served as our Senior Vice President, Product and Engineering since our inception in March 2014, as Vice President of Engineering and Product of oDesk from October 2013 to March 2014, and as Vice President of Product of oDesk from June 2012 to October 2013. Mr. Kasriel has also served as Co-Chair of the Global Future Council on Education, Gender, and Work for the World Economic Forum from September 2016 to August 2018. Previously, Mr. Kasriel served in various leadership roles for eBay Inc., an ecommerce corporation, including as the Global Head of Consumer Products from 2008 to 2010, Country Manager of PayPal France from 2006 to 2008, and Global Head of Mobile Business Development from 2011 to 2012. In addition, Mr. Kasriel was the Chief Operating Officer of Work4 Labs, Inc., a talent acquisition platform, in 2012 and Vice President of Global Sales and Business Development of Zong, Inc., a mobile payment service, which was acquired by eBay, from 2010 to 2011. Mr. Kasriel was also the founder of Fireclick, Inc., a web analytics company, and a co-founder of iFeelGoods, a digital rewards platform company. Mr. Kasriel holds a Diplôme d'Ingénieur from Ecole Polytechnique, an M.S. in Computer Science from Stanford University, and an M.B.A. from INSEAD.

Our board of directors believes that Mr. Kasriel possesses specific attributes that qualify him to serve as a director, including the historical knowledge, operational expertise, and continuity that he brings to our board of directors as our President and Chief Executive Officer.

Brian Kinion has served as our Chief Financial Officer since October 2017. Before joining us, Mr. Kinion served as the Chief Financial Officer of Marketo, Inc., a marketing automation platform software company, from

March 2016 to April 2017, and, prior to that, he served as Group Vice President of Finance from November 2014 to March 2016 and as Vice President of Finance from July 2013 to November 2014. From 2007 to June 2013, Mr. Kinion served in several roles at SAP SuccessFactors, Inc., a cloud-based human capital management software company, including as Vice President and Global Controller of Cloud Revenue Operations, Vice President of Finance in Global Systems and Acquisition Integration, and Vice President and Global Controller. Mr. Kinion also currently serves on the board of directors of Marin Software Incorporated. Mr. Kinion holds a B.S. in Accounting and an M.B.A. with a finance concentration from St. Mary's College of California.

Hayden Brown has served as our Senior Vice President, Product and Design since January 2016. Ms. Brown previously served as our Vice President, Head of Product, from January 2015 to January 2016 and as our Vice President and Senior Director Marketplace, since our inception in March 2014. Prior to that, Ms. Brown served in numerous product leadership roles, starting when she joined oDesk as a Director of Marketplace in December 2011. Prior to joining us, Ms. Brown was Vice President of Corporate Development at LivePerson, Inc., an online messaging, marketing, and analytics company, from September 2010 to November 2011. Ms. Brown also worked for Microsoft Corporation, a technology company, as Director of Corporate Strategy and M&A from January 2010 to September 2010 and as Senior Strategy Manager from June 2007 to January 2010. Ms. Brown began her career as a Business Analyst at McKinsey & Company, a business management consulting firm, in their New York office. Ms. Brown holds an A.B. in Politics from Princeton University.

Han-Shen Yuan has served as our Senior Vice President, Engineering since June 2015. Mr. Yuan also operates Post-PC Labs, LLC, a computer software development business that he founded in May 2012. Before joining our company, Mr. Yuan served in several roles at eBay, including Senior Director of Engineering and Group Chief Technology Officer of Core Product and Technology at eBay Enterprise from February 2015 to April 2015, Senior Director of Engineering, Innovation and New Ventures from December 2012 to February 2015, and Director of Engineering for Mobile and Platform Business Solutions from March 2009 to March 2011. From March 2011 to May 2012, Mr. Yuan served as Director of Engineering for iOS and Android at Netflix Inc., a streaming media and video-on-demand entertainment company. Mr. Yuan holds a B.S. in Industrial Engineering and Operations Research with a minor in Computer Science and an M.S. in Industrial Engineering and Operations Research from the University of California at Berkeley.

Key Employees

Eric Gilpin has served as our Senior Vice President, Sales since April 2016. Prior to joining us, Mr. Gilpin served in a variety of roles for CareerBuilder, LLC, a human capital software provider and online employment website, including as President of Vertical Sales from September 2014 to March 2016, President of Staffing and Recruiting from November 2009 to September 2014, and Director of National Accounts from April 2004 to November 2009. Mr. Gilpin holds an M.B.A. from the Southern Methodist University's Cox School of Business.

Zoë Harte has served as our Senior Vice President, Human Resources and Talent Innovation since September 2017. She previously served in roles as our Vice President and Head of Human Resources from March 2014 to August 2017 and as Head of Human Resources at oDesk from April 2013 to March 2014. Ms. Harte also worked at Rovi Corporation, a digital entertainment company, in senior HR roles from 2008 to 2012. Prior to Rovi, Ms. Harte spent nine years at Yahoo! in a progression of HR and Customer Care leadership roles. Ms. Harte holds a B.A. in Religion and Women's Studies from Earlham College and an M.A. in Theology from the University of Exeter.

Efsthatios Karamanlakis is one of the co-founders of oDesk and has served as Senior Vice President and our Chief Technology Officer since April 2015. Prior to that, Mr. Karamanlakis served as our Vice President of Development since our inception in March 2014 and as Vice President of Development for oDesk from January 2003 to March 2014. Before co-founding oDesk, Mr. Karamanlakis served as Technical Director at Postscriptum Communication Informatics Ltd., a digital strategy consulting firm, and as Director of R&D at L-Cube Information Systems. Mr. Karamanlakis holds a B.S. in Electrical Engineering and Computer Science from the National Technical University of Athens, Greece.

Brian Levey has served as our Chief Business Affairs and Legal Officer and Secretary since October 2017. Prior to that, Mr. Levey served as our Chief Financial Officer from June 2015 to October 2017, as well as our

General Counsel and Secretary, since our inception in March 2014. Mr. Levey served as Vice President, General Counsel and Secretary of oDesk from June 2013 to March 2014. Prior to joining us, Mr. Levey served in a variety of roles at eBay Inc., including as Vice President, Deputy General Counsel and Assistant Secretary from 2006 to 2013, and, from 2000 to 2006, he served in increasingly senior legal roles at eBay. He also previously served as Vice President, Legal at Metro-Goldwyn-Mayer Studios. Mr. Levey began his legal career with Latham & Watkins LLP. Mr. Levey holds an A.B. in Economics from Stanford University and a J.D. from Stanford Law School.

Rich Pearson has served as our Senior Vice President, Marketing since May 2015. Prior to that, Mr. Pearson served as our Senior Vice President, Categories and International from March 2014 to April 2015, and as Chief Marketing Officer of Elance from May 2012 to March 2014. Prior to joining us, Mr. Pearson served as the Vice President of Marketing at Posterous, Inc., a micro-blogging platform, from June 2010 through its acquisition by Twitter, Inc. in March 2012. Prior to that, Mr. Pearson held senior marketing positions at a variety of organizations. Mr. Pearson holds a B.S. in Business Administration from the University of California at Berkeley and an M.B.A. from the Walter A. Haas School of Business at the University of California at Berkeley.

Elizabeth Tse has served as our Senior Vice President, Operations since our inception in March 2014 and as Vice President, Operations of Elance from January 2013 to March 2014. Before joining us, Ms. Tse was Chief Operating Officer at Samasource, a non-profit organization, from November 2011 to October 2012. Ms. Tse also worked at Zuora, Inc., an enterprise software company, as Vice President of Customer Operations from August 2009 to November 2011. Before joining Zuora, Ms. Tse was the Vice President for Global Billing, Payments, and Collections at eBay. Ms. Tse holds a B.A. in Psychology from Yale University and an M.B.A. from Cornell University.

Non-Employee Directors

Thomas Layton has served as a member of our board of directors and Executive Chairman since our inception in March 2014. Prior to that, Mr. Layton served as a member of the board of directors of oDesk from May 2006 to March 2014 and as Executive Chairman from December 2011 to March 2014. Mr. Layton is currently a Lecturer at Stanford Graduate School of Business and a Board Partner at Social Capital LP, a venture capital firm. Mr. Layton currently serves on the board of directors of several private companies. Previously, Mr. Layton served in various leadership roles, including as the Chief Executive Officer of OpenTable, Inc., an online restaurant reservation company, from 2001 to 2007 and as the Chief Executive Officer of Metaweb Technologies, Inc., a data infrastructure company, from 2007 to 2010. Mr. Layton holds a B.S. from the University of North Carolina at Chapel Hill and an M.B.A. from the Stanford Graduate School of Business. We believe that Mr. Layton should serve as a member of our board of directors based on his extensive leadership experience. He also brings historical knowledge, operational expertise, and continuity to our board of directors.

Gregory C. Gretsch has served as a member of our board of directors since our inception in March 2014 and as a member of the board of directors of oDesk from 2004 to March 2014. Mr. Gretsch is a founding partner and has served as Managing Director of Jackson Square Ventures, a venture capital firm, since 2011. Mr. Gretsch also serves on the board of directors of several private companies, and he served as a director of Responsys, Inc. from 2001 to 2014. Mr. Gretsch has also served as a managing director at Sigma Partners, a venture capital firm, since 2001. Mr. Gretsch holds a B.B.A. in Management Information Systems from the University of Georgia. We believe that Mr. Gretsch should serve as a member of our board of directors based on his significant experience in the venture capital industry analyzing, investing in, and serving on the boards of directors of other technology companies and his management and leadership experience as a former founder and executive of several startup technology companies.

Kevin Harvey has served as a member of our board of directors since our inception in March 2014. Prior to that, Mr. Harvey served as a member of the board of directors of oDesk from August 2006 to March 2014. Mr. Harvey is a founder and general partner of Benchmark Capital, a venture capital firm, which he joined in 1995. Mr. Harvey currently serves on the board of directors of Proofpoint, Inc. Before founding Benchmark, Mr. Harvey was founder, President, and Chief Executive Officer of Approach Software Corp., a server database

company. Before founding Approach Software, Mr. Harvey founded Styleware, Inc., a software company. Mr. Harvey holds a B.S. in Engineering from Rice University. We believe that Mr. Harvey should serve as a member of our board of directors based on his significant experience investing in and serving on the boards of directors of other technology companies as well as his management and leadership experience as a former founder and executive of multiple startup technology companies.

Daniel Marriott has served as a member of our board of directors since our inception in March 2014 and a member of the board of directors of Elance from January 2012 to March 2014. Mr. Marriott has been the Managing Partner of Stripes Group, a private equity and venture capital firm, since 2008, and he currently serves on the board of directors of several private companies. Between 1997 and 2008, Mr. Marriott served in a variety of executive roles under the umbrella of IAC/InterActiveCorp, a media and internet holding company, including Senior Vice President of Corporate and Interactive Development; founding CEO of Pronto, Inc., an online shopping and price comparison company; President of Citysearch; and Executive Vice President of Corporate Development of Ticketmaster, Inc., an event ticketing agency. Mr. Marriott holds a B.S. in Agricultural Economics and an M.B.A. from the University of Illinois. We believe that Mr. Marriott should serve as a member of our board of directors based on his significant experience investing in and serving on the boards of directors of other technology companies.

Elizabeth Nelson has served as a member of our board of directors since February 2015. Ms. Nelson currently serves on the boards of Nokia Corporation, Zendesk Inc., and several private companies. Ms. Nelson's public company board of directors service includes serving as a director of Pandora Media, Inc. from July 2013 to June 2017, Ancestry.com Inc. from 2009 to 2012, SuccessFactors, Inc. from 2007 to 2012, Autodesk, Inc. from 2007 to 2010, CNET Networks, Inc. from 2003 to 2008, and Brightcove Inc. from 2010 to 2014. From 1996 to 2005, Ms. Nelson served as the Executive Vice President and Chief Financial Officer of Macromedia, Inc., where she also served as a director from January 2005 to December 2005. Ms. Nelson holds a B.S. in Foreign Service from Georgetown University and an M.B.A. in Finance from the Wharton School at the University of Pennsylvania. We believe that Ms. Nelson should serve as a member of our board of directors due to her financial, accounting, and operational expertise from prior experience as an executive and director for numerous public and private technology companies.

Gary Steele has served as a member of our board of directors since August 2018. Mr. Steele has served as the Chief Executive Officer and as a member of the board of directors of Proofpoint, Inc., an enterprise security company, since 2002. Mr. Steele also currently serves on the board of directors of Vonage Holdings Corp., as well as on the board of directors of two privately held companies. Prior to joining Proofpoint, Mr. Steele served from June 1997 to July 2002 as the Chief Executive Officer of Portera Systems Inc., a software company. Before Portera, Mr. Steele served as the vice president and general manager of the Middleware and Data Warehousing Product Group at Sybase, Inc., an enterprise and mobile software company. Mr. Steele's prior experience includes business development, marketing, and engineering roles at Sun Microsystems, Inc. and Hewlett-Packard Company, computer, computer software, and information technology companies. Mr. Steele holds a B.S. degree in Computer Science from Washington State University. We believe that Mr. Steele should serve as a member of our board of directors based on his extensive management and leadership experience.

Corporate Governance

Appointment of Officers

Our executive officers are appointed by, and serve at the discretion of, our board of directors. There are no family relationships between any of our directors or executive officers.

Board Composition

Our board of directors currently consists of seven members, with no vacancies. Pursuant to our amended and restated certificate of incorporation as in effect prior to the completion of this offering and our amended and restated voting agreement, Stephane Kasriel, Thomas Layton, Elizabeth Nelson, Gregory C. Gretsches, Kevin Harvey, Daniel Marriott, and Gary Steele have been designated to serve as members of our board of

directors. Pursuant to our amended and restated certificate of incorporation and amended and restated voting agreement, the seats occupied by Messrs. Gretsch and Harvey are each elected by the holders of a majority of our capital stock, voting together as a single class on an as-converted basis (excluding our Series B-2 convertible preferred stock), as the designees of the holders of a majority of our capital stock held by the former shareholders of oDesk; the seats occupied by Mr. Marriott and Ms. Nelson are each elected by the holders of a majority of our capital stock, voting together as a single class on an as-converted basis (excluding our Series B-2 convertible preferred stock), as the designees of the holders of a majority of our capital stock held by the former stockholders of Elance; the seats occupied by Messrs. Kasriel and Layton as our current Chief Executive Officer and Executive Chairman, respectively, are each elected by the holders of a majority of our capital stock, voting together as a single class on an as-converted basis (excluding our Series B-2 convertible preferred stock); and the seat occupied by Mr. Steele is elected by the holders of a majority of our capital stock, voting together as a single class on an as-converted basis (excluding our Series B-2 convertible preferred stock), as the designee of the directors designated by the former stockholders of Elance and the former shareholders of oDesk.

The amended and restated voting agreement and the provisions of our amended and restated certificate of incorporation by which all of our current directors were elected will terminate, and no contractual obligations regarding the election of our directors will remain, following the completion of this offering. Each of our current directors will continue to serve until the election and qualification of his or her successor, or his or her earlier death, resignation, or removal.

Classified Board of Directors

Upon the completion of this offering, our board of directors will consist of seven members and be divided into three classes of directors that will serve staggered three-year terms. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the same class whose term is then expiring. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our directors will be divided among the three classes as follows:

- the Class I directors will be Mr. Harvey, Mr. Layton, and Ms. Nelson, and their terms will expire at the first annual meeting of stockholders to be held after the completion of this offering;
- the Class II directors will be Mr. Kasriel and Mr. Steele, and their terms will expire at the second annual meeting of stockholders to be held after the completion of this offering; and
- the Class III directors will be Mr. Gretsch and Mr. Marriott, and their terms will expire at the third annual meeting of stockholders to be held after the completion of this offering.

Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation, or removal. Our restated certificate of incorporation and restated bylaws to be in effect upon the completion of this offering will authorize only our board of directors to fill vacancies on our board of directors. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company. See the section titled "Description of Capital Stock—Anti-Takeover Provisions."

Director Independence

In connection with this offering, we have applied to list our common stock on The Nasdaq Global Market, or Nasdaq. Under the rules of Nasdaq, independent directors must comprise a majority of a listed company's board of directors within a specified period after the completion of this offering. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and governance committees be independent. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Additionally, compensation committee members must not have a relationship with us that is material to the director's ability to be independent from management in connection with the duties of a compensation committee member.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries. We intend to satisfy the audit committee independence requirements of Rule 10A-3 as of the completion of this offering.

Our board of directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors determined that Messrs. Layton, Gretsche, Harvey, Marriott, and Steele and Ms. Nelson are "independent directors" as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq. In making these determinations, our board of directors reviewed and discussed information provided by the directors and by us with regard to each director's business and personal activities and relationships as they may relate to us and our management, including the beneficial ownership of our common 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 an audit, risk, and compliance committee, a compensation committee, and a nominating and governance committee, each of which, pursuant to its respective charter, will have the composition and responsibilities described below upon the completion of this offering. Following the completion of this offering, copies of the charters for each committee will be available on the investor relations portion of our website. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit, Risk, and Compliance Committee

Our audit, risk, and compliance committee, or audit committee, is composed of Ms. Nelson and Messrs. Gretsche and Marriott. Ms. Nelson is the chair of our audit committee. The members of our audit committee meet the independence requirements under Nasdaq and SEC rules. Each member of our audit committee is financially literate. In addition, our board of directors has determined that Ms. Nelson is an "audit committee financial expert" as that term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not, however, impose on her any supplemental duties, obligations, or liabilities beyond those that are generally applicable to the other members of our audit committee and board of directors. Our audit committee's principal functions are to assist our board of directors in its oversight of:

- selecting a firm to serve as our independent registered public accounting firm to audit our financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;
- considering the adequacy of our internal controls and internal audit function;
- reviewing related-party transactions that are material or otherwise implicate disclosure requirements; and

- approving, or as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation Committee

Our compensation committee is composed of Ms. Nelson and Messrs. Gretsich and Steele. Mr. Gretsich is the chair of our compensation committee. The members of our compensation committee meet the independence requirements under Nasdaq and SEC rules. Each member of this committee is also a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act. Our compensation committee is responsible for, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our executive officers and other select service providers, including base salary, cash-based incentive compensation, equity-based compensation, severance and change in control arrangements, and other compensation arrangements;
- reviewing succession plans for senior management positions, including the chief executive officer;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our stock and equity incentive plans; and
- establishing our overall compensation philosophy.

Nominating and Governance Committee

Our nominating and governance committee is composed of Messrs. Layton, Marriott, and Harvey. The members of our nominating and governance committee meet the independence requirements under Nasdaq and SEC rules. Mr. Layton is the chair of our nominating and governance committee. Our nominating and governance committee’s principal functions include:

- identifying and recommending candidates for membership on our board of directors;
- recommending directors to serve on board committees;
- reviewing and recommending to our board of directors any changes to our corporate governance principles;
- reviewing proposed waivers of the code of conduct for directors and executive officers;
- overseeing the process of evaluating the performance of our board of directors; and
- advising our board of directors on corporate governance matters.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently, or has been at any time, one of our officers or employees. None of our executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our board or compensation committee during 2017.

Non-Employee Director Compensation

In 2017, no compensation was paid to our non-employee members of our board of directors. All compensation paid to Mr. Kasriel, our only employee director, is set forth below in the section titled “Executive Compensation—2017 Summary Compensation Table.” No compensation was paid to Mr. Kasriel in his capacity as a director in 2017.

As of December 31, 2017, Elizabeth Nelson held an outstanding option to purchase 340,000 shares of common stock. The shares subject to the stock option vest at a rate of one forty-eighth of the total shares subject to the stock option per month. As of December 31, 2017, 233,750 shares subject to the stock option were vested

and 106,250 were unvested. The stock option is exercisable as to all of the unvested shares, subject to our right to repurchase unvested shares should Ms. Nelson cease service prior to fully vesting. The stock option is subject to acceleration in full immediately prior to a change in control.

In connection with his appointment to our board of directors, we granted an option to purchase 150,527 shares of common stock to Mr. Steele. The shares subject to the stock option vest at a rate of one-third of the total shares subject to the stock option per year. The stock option is exercisable as to all of the unvested shares, subject to our right to repurchase unvested shares should Mr. Steele cease service prior to fully vesting. The stock option is subject to acceleration in full immediately prior to a change in control.

Non-Employee Director Compensation Policy

Prior to this offering, we did not have a formal policy to provide any cash or equity compensation to our non-employee directors for their service on our board of directors or committees of our board of directors.

In August 2018, our board of directors adopted a compensation program with respect to the compensation of our non-employee directors. Pursuant to this program, each board member receives annual compensation of \$35,000, subject to such non-employee director's continued service. This compensation shall be pro-rated for partial quarters served. This compensation is payable (a) quarterly in arrears in cash or (b) at the non-employee director's prior written election, as an award of restricted stock units under our 2018 Equity Incentive Plan that vests in quarterly installments in the same calendar year as the compensation would have been payable had the compensation been paid in cash, subject to such non-employee director's continued service. This compensation, regardless of the form of payment, is subject to acceleration immediately prior to a "corporate transaction" (as defined in our 2018 Equity Incentive Plan).

Additionally, annual cash compensation for committee membership is as follows, which is pro-rated for partial quarters served and paid quarterly in arrears, subject to such non-employee director's continued service:

- audit committee chair: \$20,000;
- audit committee member: \$10,000;
- compensation committee chair: \$10,000;
- compensation committee member: \$5,000;
- nominating and governance committee chair: \$5,000; and
- nominating and governance committee member: \$2,500.

The annual cash compensation for service as a chair of a committee is in lieu of the annual cash compensation for committee membership.

With respect to any annual compensation described above, the final quarterly installment will fully vest and/or be paid on the earliest of (a) the date of the next annual meeting of our stockholders, (b) the date immediately prior to the next annual meeting of our stockholders if the applicable non-employee director's service as a director ends at such meeting due to the director's failure to be re-elected or the director not standing for re-election, and (c) the date that is the last day of the last full quarter of the vesting of such grant, in each case so long as the non-employee director continues to provide services in the applicable non-employee director capacity to us through such date.

In addition, on or about the date of this initial public offering, and thereafter on the date of each annual meeting of our stockholders (commencing with the first annual meeting of our stockholders following the date of this initial public offering), each non-employee director is eligible to receive an annual award with an aggregate value of approximately \$150,000 (pro-rated for partial year service for the initial grant with respect to the period from this initial public offering through the first annual meeting of our stockholders following this initial public offering), which will be payable in the form of restricted stock units or, subject to our receipt of the non-employee director's prior written election, in cash. Each annual award vests or is paid, as applicable, on the

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earlier of (a) the date of the next annual meeting of our stockholders (or the date immediately prior to the next annual meeting of our stockholders if the applicable non-employee director's service as a director ends at such meeting due to the director's failure to be re-elected or the director not standing for re-election) and (b) the date that is one year following the date of grant, in each case, so long as the non-employee director continues to provide services as a non-employee director to us through such date. If an annual award is granted as an award of restricted stock units, the vesting and settlement of the annual award will occur in the same calendar year as the annual award would have vested and been paid if it had been payable in cash. The annual award, regardless of the form of payment, is subject to acceleration immediately prior to a corporate transaction.

In addition, each new non-employee director is eligible to receive an initial award of restricted stock units with a grant date fair value of approximately \$300,000 on the date of grant. Each initial award vests with respect to 1/3rd of the total number of restricted stock units subject to the award each year beginning with the date that is one year from the date of grant (except that the final annual installment of the award will fully vest on the earlier of (a) the date of the next annual meeting of our stockholders (or the date immediately prior to the next annual meeting of our stockholders if the applicable non-employee director's service as a director ends at such meeting due to the director's failure to be re-elected or the director not standing for re-election) and (b) the date that is the last day of the last full year of the vesting of such grant), in each case subject to such non-employee director's continued service. The initial award is subject to acceleration immediately prior to a corporate transaction.

EXECUTIVE COMPENSATION

The following tables and accompanying narrative set forth information about the 2017 compensation provided to our principal executive officer and the two most highly-compensated executive officers (other than our principal executive officer) who were serving as executive officers as of December 31, 2017. These executive officers were Stephane Kasriel, our President and Chief Executive Officer, Brian Kinion, our Chief Financial Officer, and Hayden Brown, our Senior Vice President, Product and Design, and we refer to them in this section as our “named executive officers.”

2017 Summary Compensation Table

The following table presents summary information regarding the total compensation for services rendered in all capacities that was awarded to, earned by, or paid to our named executive officers for 2017.

<u>Name and Principal Position</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Option Awards (\$)(1)</u>	<u>Non-Equity Incentive Plan Compensation (\$)(2)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Stephane Kasriel, <i>President and Chief Executive Officer</i>	\$473,583	\$ —	\$ —	\$ 164,651	\$ 7,362 ⁽³⁾	\$ 645,596
Brian Kinion, <i>Chief Financial Officer</i> ⁽⁴⁾	58,160	—	1,929,311	16,850	1,119 ⁽⁵⁾	2,005,440
Hayden Brown, <i>Senior Vice President, Product and Design</i> ⁽⁶⁾	239,797	10,196 ⁽⁷⁾	1,097,906	69,475	56,386 ⁽⁸⁾	1,473,760

- (1) Amounts represent the aggregate grant date fair value of the stock options awarded to the named executive officer during 2017 in accordance with FASB Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 2 of the notes to our consolidated financial statements included in this prospectus. Such grant-date fair market value does not take into account any estimated forfeitures related to service-vesting conditions.
- (2) The amounts reported in the column represent incentive cash bonuses earned pursuant to our 2017 performance bonus plan. For additional information, see the section titled “—Non-Equity Incentive Plan Compensation.”
- (3) The amount reported represents (i) our matching contribution of \$5,000 on Mr. Kasriel’s behalf under our 401(k) plan and (ii) \$2,362 paid to our disability insurance plan.
- (4) Mr. Kinion was hired as our Chief Financial Officer in October 2017. His annualized base salary as of December 31, 2017 was \$335,000.
- (5) The amount reported represents our matching contribution of \$1,119 on Mr. Kinion’s behalf under our 401(k) plan.
- (6) Ms. Brown took a leave of absence for a portion of 2017. Her annualized base salary as of December 31, 2017 was \$302,000.
- (7) The amount reported represents a spot bonus paid by us to Ms. Brown.
- (8) The amount reported represents (i) our matching contribution of \$5,000 on Ms. Brown’s behalf under our 401(k) plan, (ii) \$1,898 paid to our disability insurance plan, and (iii) \$49,488 paid by us to Ms. Brown during a leave of absence.

In July 2018, we granted to Mr. Kasriel an option to purchase 1,860,000 shares of our common stock at an exercise price of \$6.61 per share. Subject to the completion of this offering before January 2019, the stock option vests upon the achievement of certain GSV and adjusted EBITDA milestones and the satisfaction of time-based requirements (specifically, that Mr. Kasriel remain employed as our chief executive officer through this offering and the achievement of each applicable performance milestone).

Equity Compensation

From time to time, we grant equity awards in the form of stock options to our named executive officers, which are generally subject to vesting based on each named executive officer’s continued service with us. Each of our named executive officers currently holds outstanding options to purchase shares of our common stock that were granted under the oDesk 2004 Stock Plan, or the 2004 Plan, or our 2014 Plan, as set forth in the table below titled “2017 Outstanding Equity Awards at Fiscal Year-End.”

Non-Equity Incentive Plan Compensation

During 2017, each of our named executive officers earned cash bonuses based on his or her participation in our 2017 performance bonus plan. Under our 2017 performance bonus plan, our named executive officers were eligible to earn bonuses based on our achieving certain GSV and EBITDA metrics. In addition, for performance above the GSV target, our board of directors, in its sole discretion, established an additional bonus pool, which was paid to certain non-executive service providers. For 2017, the target bonus amount for Mr. Kasriel was 30% of his salary for the year, and the target bonus amounts for Mr. Kinion and Ms. Brown were 25% of each of their respective salary for the year.

Offer Letters

We have entered into offer letters with each of our named executive officers. In addition, each of our named executive officers has executed our form of standard employee invention assignment and confidentiality agreement. Any potential payments and benefits due upon a termination of employment or a change of control of us are further described in the section titled “Potential Payments upon Termination or Change of Control.”

Stephane Kasriel

In May 2018, we entered into an amended and restated offer letter with Mr. Kasriel, our President and Chief Executive Officer. The amended and restated offer letter provides for an annualized base salary of \$480,000 and a target bonus eligibility of 56.25% of the regular salary payments earned during 2018, exclusive of any other earnings, such as bonus, premium, or pay during leave. Mr. Kasriel is an at-will employee and does not have a fixed employment term. He is eligible to participate in our annual performance bonus plan, a disability plan, and employee benefit plans, including health insurance, that we offer to our employees.

Brian Kinion

In May 2018, we entered into an amended and restated offer letter with Mr. Kinion, our Chief Financial Officer. The amended and restated offer letter provides for an annualized base salary of \$350,000 and a target bonus eligibility of 40% of the regular salary payments earned during 2018, exclusive of any other earnings, such as bonus, premium, or pay during leave. Mr. Kinion is an at-will employee and does not have a fixed employment term. He is eligible to participate in our annual performance bonus plan, a disability plan, and employee benefit plans, including health insurance, that we offer to our employees.

Hayden Brown

In May 2018, we entered into an amended and restated offer letter with Ms. Brown, our Senior Vice President, Product and Design. The amended and restated offer letter provides for an annualized base salary of \$345,000 and a target bonus eligibility of 30% of the regular salary payments earned during 2018, exclusive of any other earnings, such as bonus, premium, or pay during leave. Ms. Brown is an at-will employee and does not have a fixed employment term. She is eligible to participate in our annual performance bonus plan, a disability plan, and employee benefit plans, including health insurance, that we offer to our employees.

Potential Payments upon Termination or Change of Control

In May 2018, we entered into change in control and severance agreements with each of our executive officers, including our named executive officers, which provide for the following benefits if the executive is terminated by us without cause or, with respect to our President and Chief Executive Officer only, by the executive officer for good reason (as such terms are defined in the change in control and severance agreement) outside of a change in control (as such term is defined in the change in control and severance agreement) in exchange for a customary release of claims: (i) a lump sum severance payment of six months base salary (twelve months for our President and Chief Executive Officer), (ii) payment of premiums for continued medical benefits for up to six months (twelve months for our President and Chief Executive Officer), and (iii) in the case of our President and Chief Executive Officer only, 50% acceleration of any then-unvested equity awards (excluding equity awards that vest, in whole or in part, upon satisfaction of performance criteria).

If the executive officer's employment is terminated by us without cause or by the executive for good reason within the three months preceding a change in control (but after a legally binding and definitive agreement for a potential change of control has been executed) or within the twelve months following a change in control, the change in control and severance agreements provide the following benefits in exchange for a customary release of claims: (i) a lump sum severance payment of twelve months base salary (eighteen months for our President and Chief Executive Officer), (ii) a lump sum payment equal to the executive officer's then-current target bonus opportunity on a pro-rated basis, (iii) 100% acceleration of any then-unvested equity awards (excluding equity awards that vest, in whole or in part, upon satisfaction of performance criteria), and (iv) payment of premiums for continued medical benefits for up to twelve months (eighteen months for our President and Chief Executive Officer). Each change in control and severance agreement is in effect for three years, with automatic renewals for new three-year periods unless notice is given by us to the executive officer three months prior to expiration.

The benefits under the change in control and severance agreements supersede all other cash severance and vesting acceleration arrangements (excluding equity awards that vest, in whole or in part, upon satisfaction of performance criteria, which will be governed by the terms of the applicable performance based equity awards).

2017 Outstanding Equity Awards at Fiscal Year-End

The following table presents, for each of our named executive officers, information regarding outstanding stock options as of December 31, 2017.

Name	Option Awards		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options Exercisable #(1)	Number of Securities Underlying Unexercised Options Unexercisable #(1)		
Stephane Kasriel	18,450(2)	—	2.76	4/6/2024
	517,733(3)	275,008	2.76	4/6/2024
	831(2)	—	2.76	6/23/2024
	595,432(2)(4)	—	3.04	6/24/2022
	18,450(2)(4)	—	3.04	10/30/2023
	1,637,508(5)	1,432,816	3.58	4/22/2025
	333,333(6)	666,667	3.23	4/19/2026
Brian Kinion	—	1,200,000(7)	3.68	10/29/2027
Hayden Brown	46,125(2)(4)	—	1.52	12/14/2021
	82,604(8)	41,249	2.76	4/6/2024
	20,965(2)(4)	—	3.04	7/24/2023
	15,000(9)	5,000	3.67	12/18/2024
	230,000(10)	—	3.58	4/22/2025
	38,333(11)	61,667	3.03	12/22/2025
	34,276(12)	651,247	3.68	9/25/2027

- (1) All of the outstanding equity awards were granted under the 2014 Plan, unless otherwise indicated.
- (2) This stock option was fully vested as of December 31, 2017.
- (3) The stock option vests with respect to 5,929 shares of our common stock underlying the stock option on the last day of each month beginning in April 2014 and ending in March 2016, 9,879 shares of our common stock underlying the stock option on the last day of April 2016, 17,787 shares of our common stock underlying the stock option on the last day of each of May 2016 and June 2016, and 18,333 shares of our common stock underlying the stock option on the last day of each month beginning in July 2016 and ending in March 2019. The stock option is subject to acceleration upon certain events as described in the section titled "—Potential Payments upon Termination or Change of Control."
- (4) Granted under the 2004 Plan.
- (5) The stock option vests at a rate of 1/60th of the shares of our common stock underlying the stock option each month following the April 20, 2015 vesting commencement date. The stock option is subject to acceleration upon certain events as described in the section titled "—Potential Payments upon Termination or Change of Control."

- (6) The stock option vests at a rate of 1/60th of the shares of our common stock underlying the stock option each month following the April 20, 2016 vesting commencement date. The stock option is subject to acceleration upon certain events as described in the section titled “—Potential Payments upon Termination or Change of Control.”
- (7) The stock option vests at a rate of 1/5th of the shares of our common stock underlying the stock option on October 30, 2018 and 1/60th of the shares of our common stock underlying the stock option monthly thereafter. The stock option is subject to acceleration upon certain events as described in the section titled “—Potential Payments upon Termination or Change of Control.”
- (8) The stock option vests with respect to varying amounts between 1,788 and 1,790 shares of our common stock underlying the stock option on the last day of each month beginning in April 2014 and ending in December 2015, varying amounts between 1,584 and 1,586 shares of our common stock underlying the stock option on the last day of each month beginning January 2016 and ending in June 2017, and 2,750 shares of our common stock underlying the stock option on the last day of each month beginning in July 2017 and ending in March 2019. The stock option is subject to acceleration upon certain events as described in the section titled “—Potential Payments upon Termination or Change of Control.”
- (9) The stock option vests at a rate of 1/60th of the shares of our common stock underlying the stock option each month following the December 19, 2014 vesting commencement date. The stock option is subject to acceleration upon certain events as described in the section titled “—Potential Payments upon Termination or Change of Control.”
- (10) The stock option vests at a rate of 1/60th of the shares of our common stock underlying the stock option each month following the April 15, 2015 vesting commencement date. The stock option contains an early-exercise provision and is exercisable as to the unvested shares, subject to our right of repurchase. As of December 31, 2017, 107,334 shares of our common stock subject to the stock option remained unvested. The stock option is subject to acceleration upon certain events as described in the section titled “—Potential Payments upon Termination or Change of Control.”
- (11) The stock option vests at a rate of 1/60th of the shares of our common stock underlying the stock option each month following the January 1, 2016 vesting commencement date. The stock option is subject to acceleration upon certain events as described in the section titled “—Potential Payments upon Termination or Change of Control.”
- (12) The stock option vests at a rate of 1/60th of the shares of our common stock underlying the stock option each month following the September 26, 2017 vesting commencement date. The stock option is subject to acceleration upon certain events as described in the section titled “—Potential Payments upon Termination or Change of Control.”

Employee Benefit and Stock Plans

1999 Stock Option Plan, 2009 Stock Option Plan, and 2004 Stock Plan

In connection with the combination of oDesk and Elance, we assumed stock options granted under our 2004 Plan, the Elance 1999 Stock Option Plan, or the 1999 Plan, and the Elance 2009 Stock Option Plan, or the 2009 Plan. No additional awards were granted under these plans after consummation of the combination of oDesk and Elance. However, any awards granted under these plans that were outstanding as of the consummation of the combination remained outstanding, and subject to the terms of the applicable plan and award agreement, until exercised, settled, terminated or expired by their terms.

Upon the effectiveness of our 2014 Plan (as described in the section titled “—2014 Equity Incentive Plan” below), the shares reserved but not issued or subject to outstanding awards under the 1999 Plan, the 2004 Plan, and the 2009 Plan became available for grant and issuance under our 2014 Plan as common stock. Upon the effectiveness of our 2018 Plan (as described under the section titled “—2018 Equity Incentive Plan” below), the shares reserved but not issued or subject to outstanding awards under our 2014 Plan will become available for grant and issuance under our 2018 Plan as common stock.

1999 Plan and 2009 Plan

The 1999 Plan was adopted by the Elance board of directors and stockholders in 1999. The 2009 Plan was adopted by the Elance board of directors and stockholders in 2009. The 1999 Plan and the 2009 Plan each provide for the grant of both incentive stock options, which qualify for favorable tax treatment to their recipients under Section 422 of the Internal Revenue Code, and nonstatutory stock options.

The 1999 Plan and the 2009 Plan are currently administered by our board of directors and will be administered by our compensation committee following our initial public offering, all of the members of which are outside directors as defined under applicable federal tax laws, or by our board acting in place of our compensation committee. The administrator has the authority to construe and interpret these plans, grant stock options, and make all other determinations necessary or advisable for the administration of the plans.

Stock options granted under the 1999 Plan and the 2009 Plan generally may not be transferred in any manner other than by will or by the laws of descent and distribution. Stock options may be exercised during the

lifetime of the optionee only by the optionee or the optionee's legal representative. Options granted under our 1999 Plan and our 2009 Plan generally will expire upon the optionee's termination of service for cause or may be exercised for a period of three months after the termination of the optionee's service to us other than for cause, death, or disability, for a period of twelve months after the termination of the optionee's service to us in the case of a termination due to death or disability (or the optionee's death within three months after termination of service to us other than for cause), or for such shorter period (but not less than thirty days or, in the case of death or disability, six months) or longer period (but not longer than five years) as the administrator may provide. The maximum term of options granted under our 1999 Plan and 2009 Plan is ten years.

The 1999 Plan and the 2009 Plan will terminate ten years from the date our board approved the applicable plan, unless terminated earlier by our board. Our board may amend or terminate our 1999 Plan and our 2009 Plan at any time. If our board amends either plan, it does not need to ask for stockholder approval of the amendment unless required by applicable law.

In the event of a dissolution, liquidation, merger, or consolidation in which we are not the surviving corporation, a merger in which we are the surviving corporation but after which our shareholders immediately prior to such merger cease to own their equity interests in us, or the sale of all or substantially all of our assets, the 1999 Plan and the 2009 Plan each provide that stock options may be assumed, converted, replaced, or substituted. If stock options are not assumed, converted, replaced, or substituted, their vesting will accelerate in full and they will become exercisable prior to the consummation of the transaction. If the stock options are not exercised prior to consummation of the transaction, they will terminate. If stock options are assumed, converted, replaced, or substituted, and the participant is terminated within twelve months after the consummation of the transaction, then vesting will accelerate as to the number of shares that would be vested on the first anniversary of the consummation of the transaction had the participant remained in service throughout that period. Subject to any greater rights in the foregoing provisions, any outstanding stock options will be treated as provided in the applicable transaction agreement.

As of June 30, 2018, stock options to purchase 15,674 shares of our common stock that were assumed under the 1999 Plan remained outstanding and none remained available for future grant. The stock options outstanding as of June 30, 2018 had a weighted-average exercise price of \$0.39 per share.

As of June 30, 2018, stock options to purchase 632,830 shares of our common stock that were assumed under the 2009 Plan remained outstanding and none remained available for future grant. The stock options outstanding as of June 30, 2018 had a weighted-average exercise price of \$0.81 per share.

2004 Plan

The 2004 Plan was adopted by the oDesk board of directors and stockholders in 2004. The 2004 Plan provided for the grant of both incentive stock options, which qualify for favorable tax treatment to their recipients under Section 422 of the Internal Revenue Code, and nonstatutory stock options, as well as the issuance of restricted stock. In the event of a merger or consolidation, our board of directors may provide under the 2004 Plan that stock options may be continued, assumed, substituted, accelerated in full and then cancelled, or cancelled in exchange for a payment (in cash or securities of the surviving corporation or its parent) equal to the difference between the exercise price and the fair market value of the common stock.

Our 2004 Plan is currently administered by our board of directors and will be administered by our compensation committee following our initial public offering, all of the members of which are outside directors as defined under applicable federal tax laws, or by our board acting in place of our compensation committee. The administrator has the authority and discretion to take any actions it deems necessary or advisable for the administration of our 2004 Plan.

Stock options granted under our 2004 Plan may not be transferred in any manner other than by beneficiary designation, will or by the laws of descent and distribution or, with respect to nonstatutory stock options, as determined by the administrator to the extent permitted by the plan. Incentive stock options may be exercised during the lifetime of the optionee only by the optionee or the optionee's guardian or legal representative.

Options granted under our 2004 Plan generally may be exercised for a period of three months after the termination of the optionee's service to us, for a period of twelve months in the case of death, or for a period of six months in the case of disability, or such longer period as the administrator may provide. The maximum term of options granted under our 2004 Plan is ten years.

Our 2004 Plan will terminate ten years from the later of the date our board approved the plan or the most recent increase in the number of shares reserved under the plan, unless it is terminated earlier by our board. Our board may amend or terminate our 2004 Plan at any time, but such amendment or termination will not affect any shares previously issued or any stock option previously granted under the plan. If our board amends our 2004 Plan, it does not need to ask for stockholder approval of the amendment unless required by applicable law.

As of June 30, 2018, stock options to purchase 1,827,198 shares of our common stock that were assumed under the 2004 Plan remained outstanding and none remained available for future grant. The stock options outstanding as of June 30, 2018 had a weighted-average exercise price of \$2.88 per share.

2014 Equity Incentive Plan

Our 2014 Plan was adopted by our board of directors in March 2014 and by our stockholders in June 2014, and was last amended in February 2018. The 2014 Plan provides for the grant of both incentive stock options, which qualify for favorable tax treatment to their recipients under Section 422 of the Internal Revenue Code, and nonstatutory stock options, as well as for the issuance of shares of restricted stock and the grant of RSUs and stock appreciation rights.

Our 2014 Plan is currently administered by our board of directors and will be administered by our compensation committee following our initial public offering, all of the members of which are outside directors as defined under applicable federal tax laws, or by our board acting in place of our compensation committee. The administrator has the authority to construe and interpret our 2014 Plan, grant awards, and make all other determinations necessary or advisable for the administration of the plan.

Awards granted under our 2014 Plan may not be transferred in any manner other than by will or by the laws of descent and distribution or, with respect to nonstatutory stock options, as determined by the administrator to the extent permitted by the 2014 Plan. Awards may be exercised during the lifetime of the optionee only by the optionee or the optionee's legal representative. Stock options granted under our 2014 Plan generally will expire upon the optionee's termination of service for cause or may be exercised for a period of three months after the termination of the optionee's service to us other than for cause, death, or disability, for a period of twelve months after the termination of the optionee's service to us in the case of a termination due to death (or the optionee's death within three months after termination of service to us other than for cause), or for a period of six months in the case of disability, or such longer period as the administrator may provide. The maximum term of options granted under our 2014 Plan is ten years.

Our 2014 Plan will terminate ten years from the later of the date our board approves the plan or the most recent increase in the number of shares reserved under the plan, unless it is terminated earlier by our board. Our board may amend or terminate our 2014 Plan at any time, but such amendment or termination will not affect any shares previously issued or any award previously granted under the plan. If our board amends our 2014 Plan, it does not need to ask for stockholder approval of the amendment unless required by applicable law.

In the event of an "acquisition" or "other combination" (as such terms are defined in the 204 Plan), the 2014 Plan provides that stock options may be continued, assumed, substituted, settled by payment (in cash or securities of the surviving corporation or its parent) of the full value of the stock options, accelerated (in full or in part), or canceled without consideration, and awards would terminate upon the consummation of the acquisition or other combination unless they are continued, assumed, or substituted. Our board, in its sole discretion, may provide in any award agreement for the accelerated vesting of awards. We will cease issuing awards under our 2014 Plan upon the effectiveness of the 2018 Plan, which is described below. Instead, we will grant equity awards under our 2018 Plan. However, any outstanding awards granted under the 2014 Plan will remain outstanding, subject to the terms of our 2014 Plan and applicable award agreements, until they are exercised or settled or until they terminate or expire by their terms.

As of June 30, 2018, we had reserved 25,131,417 shares of our common stock for issuance under our 2014 Plan. After June 30, 2018, we increased the number of shares of common stock reserved for issuance under our 2014 Plan by 100,000 shares. As of June 30, 2018, options to purchase 20,456,520 of these shares of our common stock remained outstanding and 2,543,154 of these shares of our common stock remained available for future grant. The stock options outstanding as of June 30, 2018 had a weighted-average exercise price of \$3.41 per share. Subsequent to June 30, 2018, we granted options to purchase 2,693,123 shares of our common stock, with a weighted-average exercise price of \$6.84. Upon the effectiveness of our 2018 Plan, the shares reserved but not issued or subject to outstanding awards under our 2014 Plan will become available for grant and issuance under our 2018 Plan as common stock.

2018 Equity Incentive Plan

In August 2018, our board of directors adopted and our stockholders approved our 2018 Plan that will become effective on the day immediately prior to the pricing of our initial public offering. We initially reserved 10,500,000 shares of our common stock to be issued under our 2018 Plan. The number of shares of common stock reserved for issuance under our 2018 Plan will increase automatically on January 1 of each year beginning in 2019 and continuing through 2028 by the number of shares equal to 5.0% of the total outstanding shares of our common stock and preferred stock outstanding (on an as-converted basis) as of the immediately preceding December 31 (rounded down to the nearest whole share). However, our board of directors or the administrator of the 2018 Plan (discussed below) may reduce the amount of the increase in any particular year. In addition, the following shares of our common stock will be available for grant and issuance under our 2018 Plan:

- shares subject to options or stock appreciation rights granted under our 2018 Plan that cease to be subject to the option or stock appreciation right for any reason other than exercise of the option or stock appreciation right;
- shares subject to awards granted under our 2018 Plan that are subsequently forfeited or repurchased by us at the original issue price;
- shares subject to awards granted under our 2018 Plan that otherwise terminate without shares being issued;
- shares surrendered under an exchange program (discussed below);
- shares subject to awards under the 2018 Plan that are used to pay the exercise price of an award or withheld to satisfy the tax withholding obligations related to any award;
- shares reserved but not issued or subject to outstanding awards under our 2014 Plan on the effective date of the 2018 Plan;
- shares that are subject to stock options or other awards granted under the 2014 Plan, 1999 Plan, 2004 Plan, or 2009 Plan that cease to be subject to such stock options or other awards, by forfeiture or otherwise, after the effective date of the 2018 Plan;
- shares issued upon the exercise of options under our 2014 Plan, 1999 Plan, 2004 Plan, or 2009 Plan before or after the effective date of the 2018 Plan that are forfeited after the effective date of the 2018 Plan;
- shares issued under our 2014 Plan, 1999 Plan, 2004 Plan, or 2009 Plan that are forfeited or repurchased by us at the original issue price after the effective date of the 2018 Plan; and
- shares subject to awards under our 2014 Plan, 1999 Plan, 2004 Plan, or 2009 Plan that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award.

Our 2018 Plan authorizes the award of stock options, restricted stock awards, stock appreciation rights, or SARs, RSUs, performance awards, and stock bonuses. No more than 105,000,000 shares will be issued pursuant to the exercise of incentive stock options. The aggregate grant date value of awards granted to any one non-employee director pursuant to the 2018 Plan, when combined with cash compensation received for service as a non-employee director, in any calendar year shall not exceed \$1,000,000. For these purposes, grant date fair

value will be determined as follows: (a) for options and stock appreciation rights, grant date fair value will be calculated using the Black-Scholes valuation methodology on the date of grant and (b) for all other awards, grant date fair value will be determined by either (i) calculating the product of the fair market value per share on the date of grant and the aggregate number of shares subject to the award or (ii) calculating the product using an average of the fair market value over a number of trading days and the aggregate number of shares subject to the award. Awards granted to an individual while he or she was serving in the capacity as an employee or while he or she was a consultant but not a non-employee director will not count for purposes of this limitation.

Our 2018 Plan will be administered by our board, our compensation committee (all of the members of which are outside directors as defined under applicable federal tax laws), or those persons to whom administration of the 2018 Plan, or part of the 2018 Plan, has been delegated as permitted by law. Our compensation committee is expected to administer our 2018 Plan. Subject to the general purposes, terms, and conditions of the 2018 Plan, and to the direction of our board of directors, the administrator will have full power to implement and carry out the 2018 Plan, except our board of directors will establish the terms for the grant of an award to non-employee directors. The administrator will have the authority to construe and interpret our 2018 Plan and any agreement or document executed according to the 2018 Plan; prescribe, amend, and rescind rules and regulations relating to the 2018 Plan or any award; grant awards and determine their terms; determine fair market value; grant waivers of the 2018 Plan or award conditions; determine the terms and conditions of any, and institute any, exchange program through which (a) outstanding awards are surrendered, cancelled, or exchanged for cash, the same type of award, or a different award (or combination thereof) or (b) the exercise price of an outstanding award is increased or reduced; reduce or waive any criteria with respect to performance factors; adjust performance factors to take into account changes in law and accounting or tax rules as the administrator deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events, or circumstances to avoid windfalls or hardships; adopt rules and/or procedures (including the adoption of any subplan under the 2018 Plan) relating to the operation and administration of the 2018 Plan to accommodate requirements of local law and procedures outside of the United States or qualify awards for special tax treatment under laws of jurisdictions other than the United States; exercise negative discretion on performance awards, reducing or eliminating the amount to be paid to Participants; make all other determinations necessary or advisable for the administration of the plan; and delegate any of these powers to one or more executive officers pursuant to a specific delegation as permitted by applicable law.

Our 2018 Plan will provide for the grant of awards to members of our board of directors and to employees, consultants, independent contractors, and advisors, provided the consultants, independent contractors, directors, and advisors of ours, or any parent, subsidiary, or affiliate of ours, are natural persons who render services not in connection with the offer and sale of securities in a capital-raising transaction. The exercise price of stock options must be at least equal to 100% (or for any incentive stock option granted to a participant who owns more than 10% of the voting power of all classes of outstanding stock of ours or any parent or subsidiary of ours, 110%) of the fair market value of our common stock on the date of grant.

We anticipate that, in general, options will vest over a four- or five-year period. Options may vest based on time or achievement of performance conditions. The administrator may provide for options to be exercised only as they vest or to be immediately exercisable with any shares issued on exercise being subject to our right of repurchase that lapses as the shares vest. The maximum term of options granted under our 2018 Plan is ten years (or for any incentive stock option granted to a participant who owns more than 10% of the voting power of all classes of outstanding stock of ours or any parent or subsidiary of ours, 5 years).

A restricted stock award is an offer by us to sell shares of our common stock subject to restrictions, which may vest based on time or achievement of performance conditions. The price (if any) of a restricted stock award will be determined by the administrator. Unless otherwise determined by the administrator, vesting will cease on the date the participant no longer provides services to us and unvested shares will be subject to forfeiture or our right to repurchase shares.

SARs provide for a payment, or payments, in cash or shares of our common stock, to the holder based upon the difference between the fair market value of our common stock on the date of exercise and the stated exercise

price up to a maximum amount of cash or number of shares. SARs may vest based on time or the achievement of performance conditions.

RSUs represent the right to receive cash or shares of our common stock at a specified date in the future, subject to forfeiture of that right because of termination of employment, cessation of the service relationship, or failure to achieve certain performance conditions. If an RSU has not been forfeited, then on the date specified in the RSU agreement, we will deliver to the holder of the RSU whole shares of our common stock (which may be subject to additional restrictions), cash, or a combination of our common stock and cash.

Performance shares are performance awards that cover a number of shares of our common stock that may be settled upon achievement of pre-established performance conditions in cash or by issuance of the underlying shares or other property (or any combination thereof). These awards are subject to forfeiture before settlement because of termination of employment, cessation of the service relationship, or failure to achieve the performance conditions.

Performance units represent a unit valued by reference to a designated amount of property other than shares. This value may be paid by delivery of property determined by the administrator, including cash, shares, other property, or any combination thereof, upon the attainment of performance goals established by the administrator.

Stock bonuses may be granted as additional compensation for service or performance and not issued in exchange for cash. Unless otherwise determined by the administrator, vesting will cease on the date the participant no longer provides services to us and unvested shares will be forfeited to or repurchased by us.

Subject to the terms of our 2018 Plan, without prior stockholder approval, the administrator may (a) reprice options or SARs (and where the repricing is a reduction in the exercise price, the consent of the affected participants is not required), and (b) with the consent of the respective participants, pay cash or issue new awards in exchange for the surrender and cancellation of any, or all, outstanding awards.

In the event there is a specified type of change in our capital structure without our receipt of consideration, such as a stock split, appropriate adjustments will be made to the number or class of shares reserved under our 2018 Plan, the maximum number or class of shares that can be granted pursuant to the exercise of incentive stock options, and the number or class of shares and exercise price, if applicable, of all outstanding awards under our 2018 Plan.

Awards granted under our 2018 Plan may not be transferred in any manner other than by will or by the laws of descent and distribution or as determined by the administrator. Unless otherwise permitted by the administrator, stock options may be exercised during the lifetime of the optionee only by the optionee or the optionee's guardian or legal representative. Unless otherwise provided by the administrator, options and stock appreciation rights granted under our 2018 Plan will be exercisable in connection with a termination of participant's service with us as follows: (i) in the event of the participant's service with us for cause, options are only exercisable through the date of termination, (ii) options will remain exercisable (to the extent they are exercisable on the date the participant's service terminates) for a period of three months after the termination of the optionee's service for any reason other than for cause, death, or disability, and (iii) options will remain exercisable for a period of twelve months after the termination of the optionee's service (to the extent they are exercisable on the date the participant's service terminates) if the participant's service terminates due to death or disability or the participant dies within three months after a termination for any reason other than cause or disability. However, in no event will an option or stock appreciation right be exercisable after its expiration date.

If we are party to a "corporate transaction" (as defined in the 2018 Plan), outstanding awards, including any vesting provisions, may be assumed, substituted, settled by payment (in cash or securities of the surviving corporation or its parent) of the full value of the awards, accelerated (in full or in part), and/or canceled without consideration, and awards will terminate upon the consummation of the change in control transaction unless they are continued, assumed, or substituted. In the event of a corporate transaction, vesting of all awards granted to non-employee directors will accelerate in full prior to consummation of such event at such times and on such conditions as the administrator determines.

All awards will, subject to applicable law, be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the board or the administrator or required by law during the term of the participant's service with us that is applicable to executive officers, employees, directors, or other service providers of ours, and in addition to any other remedies available under such policy and applicable law, may require the cancellation of outstanding awards and the recoupment of any gains realized with respect to awards.

Our 2018 Plan will terminate ten years from the date our board approves the plan, unless it is terminated earlier by our board. Our board may amend or terminate our 2018 Plan at any time. Any such amendment or termination will not adversely affect any then-outstanding award without the consent of the participant, unless the amendment or termination is necessary to comply with applicable law, regulation, or rule. If our board amends our 2018 Plan, it does not need to ask for stockholder approval of the amendment unless required by applicable law.

Employee Stock Purchase Plan

In August 2018, our board of directors adopted and our stockholders approved our 2018 ESPP in order to enable eligible employees to purchase shares of our common stock at a discount following the date of this offering. Purchases will be accomplished through participation in discrete offering periods. Our 2018 ESPP includes a component that is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code and also authorizes the grant of options under a component that is not intended to meet the requirements of Section 423 of the Internal Revenue Code. We initially reserved 1,700,000 shares of our common stock for issuance under our 2018 ESPP. The number of shares reserved for issuance under our 2018 ESPP will increase automatically on January 1 of each year beginning in 2019 and continuing through 2028 by the number of shares equal to 0.8% of the total shares of our common stock and preferred stock outstanding (on an as-converted basis) as of the immediately preceding December 31 (rounded down to the nearest whole share). However, our board or compensation committee may reduce the amount of the increase in any particular year. The aggregate number of shares issued over the term of our 2018 ESPP will not exceed 20,400,000 shares of our common stock.

Our compensation committee will administer our 2018 ESPP. Subject to the provisions of the 2018 ESPP and the limitations of Section 423 of the Internal Revenue Code, all questions of interpretation or application of the 2018 ESPP will be determined by our compensation committee and its decisions will be final and binding upon all eligible employees and participants.

Our employees generally are eligible to participate in our 2018 ESPP. Our compensation committee may in its discretion elect to exclude one or more of the following categories of employees (other than where such exclusion is prohibited by applicable law): (i) employees who do not meet eligibility requirements imposed by our compensation committee (within the limits permitted by the Internal Revenue Code) and (ii) individuals who provide services to us or any participating corporations who are reclassified as common law employees for any reason except for federal income and employment tax purposes. Employees who are 5% stockholders are ineligible to participate in our 2018 ESPP. In addition, an individual will not be eligible if his or her participation in the 2018 ESPP is prohibited by the law of any country that has jurisdiction over him or her, if complying with the laws of the applicable country would cause the 2018 ESPP to violate Section 423 of the Internal Revenue Code, or if he or she is subject to a collective bargaining agreement that does not provide for participation in the 2018 ESPP.

Under our 2018 ESPP, eligible employees will be able to purchase shares of our common stock through contributions in the form of payroll deductions (unless our compensation committee determines that contributions may be made in another form). Our eligible employees will be able to select a rate of contribution deduction between 1% and 15% of their eligible cash compensation. We will also have the right to amend or terminate our 2018 ESPP at any time. Our 2018 ESPP will terminate on the tenth anniversary of the effective date of this offering, unless it is terminated earlier by our board.

The 2018 ESPP will be implemented through a series of offering periods with durations of not more than 27 months. Employees who meet the eligibility requirements for participation in the 2018 ESPP before the initial offering period will be automatically enrolled in the initial offering period for the minimum number of shares purchasable. With respect to subsequent offering periods, a participant may elect to participate in the 2018 ESPP by submitting an enrollment agreement before the commencement of the offering period or any earlier deadline set by our compensation committee. Once an employee is enrolled, the employee will automatically participate in subsequent offering periods unless he or she withdraws or otherwise terminates participation in the offering period. Except for the initial offering period, each offering period will run for 24 months, with purchases occurring every six months. The initial offering period will begin upon the date on which the registration statement covering our initial public offering is declared effective by the Securities and Exchange Commission and will end on November 14, 2020. The initial offering period will consist of four purchase periods. Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of our common stock. An employee's participation automatically ends upon termination of employment for any reason.

No participant will have the right to purchase shares of our common stock in an amount that, when aggregated with purchase rights under all our employee stock purchase plans that are also in effect in the same calendar year, has a fair market value of more than \$25,000, determined as of the first day of the applicable offering period, for each calendar year in which that right is outstanding. In addition, no participant will be permitted to purchase more than 3,500 shares during any one purchase period or a lesser amount determined by the administrator. The purchase price for shares of our common stock purchased under our 2018 ESPP will be 85% of the lesser of the fair market value of our common stock on (i) the first day of the applicable offering period and (ii) the last business day of each purchase period in the applicable offering period.

A participant may not transfer rights granted under our 2018 ESPP other than by will, the laws of descent and distribution, or a designation of a beneficiary made according to the terms of our 2018 ESPP.

In the event there is a specified type of change in our capital structure without our receipt of consideration, such as a stock split, appropriate adjustments will be made to the number and class of shares reserved under our 2018 ESPP, and the number of shares and purchase price of each option under the 2018 ESPP that has not yet been exercised, and the numerical share limits in the 2018 ESPP.

If we experience a corporate transaction, any offering period that commenced prior to the closing of the proposed corporate transaction will be shortened and terminated on a new purchase date. The new purchase date will occur on or prior to the closing of the corporate transaction and our 2018 ESPP will then terminate on the closing of the corporate transaction.

401(k) Plan

We sponsor a retirement plan intended to qualify for favorable tax treatment under Section 401(a) of the Internal Revenue Code, containing a cash or deferred feature that is intended to meet the requirements of Section 401(k) of the Internal Revenue Code. U.S. employees who have attained at least 18 years of age are generally eligible to participate in the plan on the first day of the calendar month following the employees' completion of certain eligibility requirements. Leased employees (as defined in the Basic Plan Document), temporary employees, and seasonal employees are excluded from participation. Participants may make pre-tax contributions to the plan from their eligible earnings up to the statutorily prescribed annual limit on pre-tax contributions under the Internal Revenue Code. Pre-tax contributions by participants and the income earned on those contributions are generally not taxable to participants until withdrawn. Participant contributions are held in trust as required by law. No minimum benefit is provided under the plan. An employee's interest in his or her pre-tax deferrals is 100% vested when contributed. The plan provides for a discretionary employer matching and profit sharing contribution. The plan permits all eligible plan participants to contribute between 1% and 90% of eligible compensation, on a pre-tax basis, into their accounts.

Limitations on Liability and Indemnification Matters

Our restated certificate of incorporation that will become effective in connection with this offering contains provisions that will limit the liability of our directors for monetary damages to the fullest extent permitted by the DGCL. 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:

- any breach of the director's duty of loyalty to us 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 DGCL; or
- any transaction from which the director derived an improper personal benefit.

Our restated certificate of incorporation and our restated bylaws that will become effective in connection with this offering will require us to indemnify our directors and officers to the maximum extent not prohibited by the DGCL and allow us to indemnify other employees and agents as set forth in the DGCL. Subject to certain limitations, our restated bylaws will also require us to advance expenses incurred by our directors and officers for the defense of any action for which indemnification is required or permitted, subject to very limited exceptions.

We have entered, and intend to continue to enter, into separate indemnification agreements with our directors, officers, and certain of our other employees. These agreements, among other things, require us to indemnify our directors, officers, and key employees for certain expenses, including attorneys' fees, judgments, fines, and settlement amounts actually and reasonably incurred by such director, officer, or key employee in any action or proceeding arising out of their service to us or any of our subsidiaries or any other company or enterprise to which the person provides services at our request. Subject to certain limitations, our indemnification agreements also require us to advance expenses incurred by our directors, officers, and key employees for the defense of any action for which indemnification is required or permitted.

We believe that these provisions in our restated certificate of incorporation and indemnification agreements are necessary to attract and retain qualified persons such as directors, officers, and key employees. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our restated certificate of incorporation and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breaches of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and 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 officers as required by these indemnification provisions.

At present, we are not aware of any pending litigation or proceeding arising out of their service to us or any of our subsidiaries or any other company or enterprise to which the person provides services at our request, 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.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers, or persons controlling us, 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.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of similar transactions since January 1, 2015, to which we were a party or will be a party, in which the amounts involved exceeded or will exceed \$120,000 and any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock had or will have a direct or indirect material interest. Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions to which we have been or will be a party other than compensation arrangements, which are described where required in the section titled “Executive Compensation.”

Repurchase

In November 2017, we repurchased 874,069 shares of our Series A-1 convertible preferred stock, 3,151,858 shares of our Series A-2 convertible preferred stock and 242,562 shares of our Series B-1 convertible preferred stock from New Enterprise Associates 10, L.P., one of our 5% stockholders at the time of such repurchase for an aggregate purchase price of \$19.2 million.

Investors’ Rights Agreement

We have entered into an amended and restated investors’ rights agreement with certain holders of our convertible preferred stock, including entities with which certain of our directors are affiliated. These stockholders are entitled to rights with respect to the registration of their shares following this offering. For a description of these registration rights, see the section titled “Description of Capital Stock—Registration Rights.”

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements and our restated bylaws will require us to indemnify our directors to the fullest extent not prohibited by DGCL. Subject to very limited exceptions, our restated bylaws will also require us to advance expenses incurred by our directors and officers. For more information regarding these agreements, see the section titled “Executive Compensation—Limitations on Liability and Indemnification Matters.”

Policies and Procedures for Related-Person Transactions

Our written related party transactions policy and the charters of our audit committee and nominating and governance committee to be adopted by our board of directors and in effect immediately prior to the completion of this offering require that any transaction with a related person that must be reported under applicable rules of the SEC must be reviewed and approved or ratified by our audit committee. However, if the related party is, or is associated with, a member of the audit committee, the transaction must be reviewed and approved by our nominating and governance committee.

Prior to this offering we had no formal, written policy for the review and approval of related party transactions. However, our practice has been to have all related party transactions reviewed and approved by a majority of the disinterested members of our board of directors, including the transactions described above.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of August 31, 2018, and as adjusted to reflect the sale of common stock in this offering, for:

- each of our named executive officers;
- each of our directors;
- all of our current directors and executive officers as a group;
- each person, or group of affiliated persons, who beneficially owned more than 5% of our common stock; and
- each selling stockholder.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of common stock that they beneficially owned, subject to applicable community property laws.

Applicable percentage ownership is based on 97,350,686 shares of our common stock outstanding as of August 31, 2018 and assumes the conversion of 61,279,079 outstanding shares of convertible preferred stock into the same number of shares of our common stock. Percentage ownership of our common stock after this offering also assumes the sale by us and the selling stockholders of _____ shares of common stock in this offering (including the shares that are issued upon the exercise of options to purchase shares of our common stock and sold in this offering). In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options held by that person or entity that are currently exercisable or that will become exercisable within 60 days of August 31, 2018. 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 in the table below is c/o Upwork Inc., 441 Logue Avenue, Mountain View, California 94043.

Name of Beneficial Owner	Shares Beneficially Owned Before this Offering		Number of Shares Being Offered	Shares Beneficially Owned After this Offering	
	Shares	%		Shares	%
Named Executive Officers and Directors:					
Stephane Kasriel(1)	3,965,122	3.9			
Brian Kinion(2)	240,000	*			
Hayden Brown(3)	627,140	*			
Thomas Layton(4)	4,141,848	4.3			
Gregory C. Gretschi(5)	14,985,194	15.4			
Kevin Harvey(6)	14,603,885	15.0			
Daniel Marriott(7)	5,309,646	5.5			
Elizabeth Nelson(8)	720,027	*			
Gary Steele(9)	150,527	*			
All executive officers and directors as a group (10 persons)(10)	45,158,475	44.0			
Other 5% Stockholders:					
Benchmark Capital Partners V, L.P. (6)	14,603,885	15.0			
Entities affiliated with Sigma Partners(11)	13,853,602	14.2			
Entities affiliated with Globespan Capital Partners(12)	12,571,727	12.9			
Entities affiliated with T. Rowe Price(13)	10,345,123	10.6			
Entities affiliated with FirstMark Capital(14)	5,524,295	5.7			
SG Growth Partners I, L.P.(7)	5,309,646	5.5			
Other Selling Stockholders:					

- * Represents beneficial ownership of less than one percent.
- (1) Consists of (i) 201,848 shares of common stock held of record by Mr. Kasriel, (ii) 18,152 shares of common stock held of record by Mr. Kasriel as custodian for his children, and (iii) 3,745,122 shares of common stock subject to options held by Mr. Kasriel that are exercisable within 60 days of August 31, 2018.
 - (2) Consists of 240,000 shares of common stock subject to options held by Mr. Kinion that are exercisable within 60 days of August 31, 2018.
 - (3) Consists of (i) 331,656 shares of common stock and (ii) 295,484 shares of common stock subject to options held by Ms. Brown that are exercisable within 60 days of August 31, 2018, of which 69,000 shares are unvested, but early exercisable within 60 days of August 31, 2018.
 - (4) Consists of 4,141,848 shares of common stock held of record by Thomas H. Layton or Gabrielle M. Layton, or their successors, as trustees of the Layton Community Property Trust dated November 29, 1999, as amended.
 - (5) Consists of (i) the shares of common stock held of record by the entities described in footnote (11) below, (ii) 266,667 shares of common stock held of record by Martis Creek Investments, L.P. — Fund 3, (iii) 95,000 shares of common stock held of record by Martis Creek Investments, L.P. — Fund 4, and (iv) 769,925 shares of common stock held of record by Martis Creek Investments, L.P. — Fund 5, collectively, the Martis Creek entities. The Gretsche Revocable Trust, the general partner of the Martis Creek entities, has sole voting and dispositive power over such shares, and voting decisions with respect to such shares are made by Gregory C. Gretsche, a member of our board of directors. The address of the Martis Creek entities is 2105 South Bascom Avenue, Suite 370, Campbell, California 95008.
 - (6) Consists of 14,603,885 shares of common stock held of record by Benchmark Capital Partners V, L.P., or Benchmark V. Benchmark Capital Management Co. V, L.L.C. is the general partner of Benchmark V. Alexandre Balkanski, Bruce W. Dunlevie, Peter H. Fenton, J. William Gurley, Kevin R. Harvey, a member of our board of directors, Robert C. Kagle, Mitchell H. Lasky, and Steven M. Spurlock are the managing members of Benchmark Capital Management Co. V, L.L.C., and each of them may be deemed to hold shared voting and dispositive power with respect to the shares held by Benchmark V. The address for the Benchmark entities is 2965 Woodside Road, Woodside, California 94062.
 - (7) Consists of 5,309,646 shares of common stock held of record by SG Growth Partners I, L.P. SGGP I, LLC, the general partner of SG Growth Partners I L.P., has sole voting and dispositive power over such shares and voting decisions with respect to such shares are made by Kenneth A. Fox and Daniel C. Marriott, a member of our board of directors as the investment committee of SGGP I, LLC. The address of SG Growth Partners, I L.P. is 402 West 13th Street, 5th Floor, New York, New York 10014.
 - (8) Consists of (i) 380,027 shares of common stock held by the Nelson Family Trust and (ii) 340,000 shares of common stock subject to stock options held by Ms. Nelson that are exercisable within 60 days of August 31, 2018, of which 35,417 shares are unvested, but early exercisable within 60 days of August 31, 2018.
 - (9) Consists of 150,527 shares of common stock subject to options held by Mr. Steele that are exercisable within 60 days of August 31, 2018, of which all shares are unvested, but early exercisable within 60 days of August 31, 2018.
 - (10) Consists of (i) 39,972,256 shares of common stock and (ii) 5,186,219 shares of common stock subject to stock options that are exercisable within 60 days of August 31, 2018 held by all our executive officers and directors, as a group, of which 254,944 shares subject to stock options are unvested, but early exercisable as of such date.
 - (11) Consists of (i) 1,028,777 shares of common stock held of record by Sigma Associates 6, L.P., (ii) 183,090 shares of common stock held of record by Sigma Investors 6, L.P., and (iii) 12,641,735 shares of common stock held of record by Sigma Partners 6, L.P., collectively, the Sigma Entities. Sigma Management 6, L.L.C. is the general partner of each of the Sigma Entities. Robert E. Davoli, Clifford Haas, Lawrence G. Finch, Gregory C. Gretsche, a member of our board of directors, John Mandile, Peter Solvik, Robert Spinner, and Wade Woodson are the managing members of Sigma Management 6, L.L.C. and share voting and investment power with respect to the shares held by the Sigma Entities. The address for the Sigma Entities is 2105 South Bascom Avenue, Suite 370, Campbell, California 95008.
 - (12) Consists of (i) 733,083 shares of common stock held of record by Globespan Capital Partners (Cayman) IV, L.P., (ii) 291,076 shares of common stock held of record by Globespan Capital Partners IV GmbH & Co. KG, (iii) 10,685,706 shares of common stock held of record by Globespan Capital Partners IV, L.P., (iv) 660,286 shares of common stock held of record by JAFCO Globespan USIT IV, L.P., and (v) 201,576 shares of common stock held of record by GCP IV Affiliates Fund, L.P. (collectively, the “Globespan Fund IV Entities”). Globespan Management Associates IV, L.P. serves as the sole General Partner of each of Globespan Capital Partners IV, L.P., GCP IV Affiliates Fund, L.P. and JAFCO Globespan USIT IV, L.P. and as the Managing Limited Partner of Globespan Capital Partners IV GmbH & Co. KG. Globespan Management Associates (Cayman) IV, L.P. serves as the sole General Partner of Globespan Capital Partners (Cayman) IV, L.P. Globespan Management Associates IV, LLC serves as the sole General Partner of each of Globespan Management Associates IV, L.P. and Globespan Management Associates (Cayman) IV, L.P. Andrew P. Goldfarb, the Executive Managing Director of Globespan Management Associates IV, LLC, has sole voting power and sole investment power over the shares held by the Globespan Fund IV Entities. The address of the Globespan Fund IV Entities is One Boston Place, Suite 2810, Boston, MA 02108.
 - (13) Consists of 10,345,123 shares of common stock held of record by the funds and accounts advised by T. Rowe Price Associates, Inc., or TRPA. TRPA serves as investment adviser with power to direct investments and/or sole power to vote the securities owned by these funds and accounts. The T. Rowe Price Proxy Committee develops the firm’s positions on all major proxy voting issues, creates guidelines, and oversees the voting process. Once the Proxy Committee establishes its recommendations, they are distributed to the firm’s portfolio managers as voting guidelines. Ultimately, the portfolio managers for each account decide how to vote on the proxy proposals of companies in their portfolios. More information on the T. Rowe Price proxy voting guidelines is available on its website at

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troweprice.com. The T. Rowe Price portfolio managers of the funds and accounts that hold the securities are collectively listed as follows: Henry M. Ellenbogen and J. David Wagner. For purposes of reporting requirements of the Securities Exchange Act of 1934, TRPA may be deemed to be the beneficial owner of all the shares listed above. T. Rowe Price Associates, Inc. is the wholly owned subsidiary of T. Rowe Price Group, Inc., which is a publicly traded financial services holding company. The address for T. Rowe Price Associates, Inc. is 100 East Pratt Street, Baltimore, Maryland 21202. T. Rowe Price Investment Services, Inc., or TRPIS, a registered broker-dealer, is a subsidiary of T. Rowe Price Associates, Inc. TRPIS was formed primarily for the limited purpose of acting as the principal underwriter and distributor of shares of the funds in the T. Rowe Price fund family and complements the other services provided to shareholders of the T. Rowe Price funds. TRPIS does not engage in underwriting or market-making activities involving individual securities.

- (14) Consists of (i) 1,220,081 shares of common stock held of record by FirstMark Capital OF I, L.P. and (ii) 4,304,214 shares of common stock held of record by The FirstMark II Liquidating Trust, collectively, the FirstMark entities. FirstMark Capital OF I GP, LLC is the general partner of FirstMark Capital OF I, L.P. FirstMark Capital, LLC is the investment manager of FirstMark Capital OF I, L.P. Midtown II GP, LLC is the trustee of The FirstMark II Liquidating Trust. Midtown Legacy Management, LLC is the manager of Midtown II GP, LLC. FirstMark Capital, LLC is the advisor of The FirstMark II Liquidating Trust. Richard Heitzmann and Amish Jani are the managers of FirstMark Capital OF I GP, LLC, the members of Midtown Legacy Management, LLC, and the members of the sole member of FirstMark Capital, LLC, have voting and dispositive power over the shares of the issuer owned directly by the FirstMark Entities, and therefore may be deemed to be beneficial owners of the shares held by the FirstMark Entities. The address of the FirstMark Entities is 100 5th Avenue, 3rd Floor, New York, New York 10011.

DESCRIPTION OF CAPITAL STOCK

The following description summarizes the most important terms of our capital stock, as they will be in effect following this offering. Because it is only a summary, it does not contain all the information that may be important to you. We expect to adopt a restated certificate of incorporation and restated bylaws that will become effective immediately prior to the completion of this offering, and this description summarizes provisions that are expected to be included in these documents. For a complete description, you should refer to our restated certificate of incorporation and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

Upon the completion of this offering, our authorized capital stock will consist of 490,000,000 shares of common stock, \$0.0001 par value per share, and 10,000,000 shares of undesignated preferred stock, \$0.0001 par value per share.

Assuming the conversion of 61,279,079 outstanding shares of our convertible preferred stock into the same number of shares of our common stock, which will occur in connection with the completion of this offering, as of June 30, 2018, there were outstanding:

- 97,159,082 shares of our common stock outstanding, held by 573 stockholders of record;
- 22,932,222 shares of our common stock issuable upon the exercise of outstanding stock options;
- 500,000 shares of our common stock issuable upon the exercise of a common stock warrant outstanding as of June 30, 2018 with an exercise price of \$0.01 per share that we issued in May 2018 to the Tides Foundation in connection with establishing The Upwork Foundation initiative; and
- 398,331 shares of our common stock issuable upon the exercise of a convertible preferred stock warrant outstanding as of June 30, 2018, with an exercise price of \$3.13 per share.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of convertible 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 of common stock held on all matters submitted to a vote of stockholders. We have not provided for cumulative voting for the election of directors in our restated certificate of incorporation. Accordingly, holders of a majority of the shares of our common stock will be able to elect all of our directors. Our restated certificate of incorporation establishes a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights

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

Right to Receive Liquidation Distributions

Upon our 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.

Preferred Stock

Following this offering, our board of directors will be 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 our control 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, 2018, we had outstanding options to purchase an aggregate of 22,932,222 shares of our common stock, with a weighted-average exercise price of \$3.29 per share. Subsequent to June 30, 2018, we granted options to purchase 2,693,123 shares of our common stock under the 2014 Plan, with a weighted-average exercise price of \$6.84 per share.

Warrants

As of June 30, 2018, we had an outstanding warrant to purchase 500,000 shares of our common stock, with an exercise price of \$0.01 per share, and we had an outstanding warrant to purchase 398,331 shares of our convertible preferred stock, with an exercise price of \$3.13 per share.

Registration Rights

Following the completion of this offering, the holders of an aggregate of 58,672,323 shares of our common stock, as of June 30, 2018, or their permitted transferees will be entitled to rights with respect to the registration of these shares under the Securities Act. These rights are provided under the terms of an amended and restated investors' rights agreement between us and the holders of these shares, which was entered into in connection with our convertible preferred stock financings, and include demand registration rights, Form S-3 registration rights, and piggyback registration rights. In any registration made pursuant to such amended and restated investors' rights agreement, all fees, costs, and expenses of underwritten registrations will be borne by us and all selling expenses, including estimated underwriting discounts, selling commissions and stock transfer taxes, will be borne by the holders of the shares being registered.

The registration rights terminate five years following the completion of this offering or, with respect to any particular stockholder, at the time that stockholder can sell all of its shares during any 90-day period pursuant to Rule 144 of the Securities Act.

Demand Registration Rights

The holders of an aggregate of 58,672,323 shares of our common stock, or their permitted transferees, are entitled to demand registration rights. Under the terms of the amended and restated investors' rights agreement, we will be required, upon the written request of holders of at least a majority of the shares that are entitled to registration rights under the amended and restated investors' rights agreement, to register, as soon as practicable, all or a portion of these shares for public resale, if the aggregate price to the public of the shares offered is at least \$10.0 million. We are required to effect only two registrations pursuant to this provision of the amended and restated investors' rights agreement. We may postpone the filing of a registration statement up to two times for up to 90 days in a 12-month period if our board of directors determines that the filing would be materially detrimental to us. We are not required to effect a demand registration under certain additional circumstances

specified in the amended and restated investors' rights agreement, including at any time earlier than 180 days after the effective date of this offering.

Form S-3 Registration Rights

The holders of an aggregate of 58,672,323 shares of our common stock or their permitted transferees are also entitled to Form S-3 registration rights. The holders representing a majority of the then-outstanding shares having registration rights can request that we register all or part of their shares on Form S-3 if we are eligible to file a registration statement on Form S-3 and if the aggregate price to the public of the shares offered is at least \$5.0 million. The holders may only require us to effect at most two registration statements on Form S-3 in any 12-month period. We may postpone the filing of a registration statement on Form S-3 no more than once during any 12-month period, each for a period of not more than 90 days if our board determines that the filing would be materially detrimental to us.

Piggyback Registration Rights

If we register any of our securities for public sale, holders of an aggregate of 58,672,323 shares of our common stock or their permitted transferees having registration rights will have the right to include their shares in the registration statement. However, this right does not apply to a registration relating to employee benefit plans, a registration relating to an SEC Rule 145 transaction, 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 common stock, 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 underwriters of any underwritten offering will have the right to limit the number of shares registered by these holders if they determine that marketing factors require limitation, in which case the number of shares to be registered will be apportioned pro rata among these holders, according to the total amount of securities entitled to be included by each holder. However, the number of shares to be registered by these holders cannot be reduced below 25% of the total shares covered by the registration statement, other than in the initial public offering.

Anti-Takeover Provisions

The provisions of the DGCL, our restated certificate of incorporation, and our restated bylaws following this offering could have the effect of delaying, deferring, or discouraging another person from acquiring control of our company. These provisions, which are summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and encourage persons seeking to acquire control of our company to first negotiate 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.

Section 203 of the DGCL

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, our board of directors approved either the business combination or the transaction, which resulted in the stockholder becoming 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 for purposes of determining the voting

stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans in some instances, but not the outstanding voting stock owned by the interested stockholder; or

- at or after the time the stockholder became interested, the business combination was approved by our board and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock, which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, lease, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance of transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Restated Certificate of Incorporation and Restated Bylaw Provisions

Our restated certificate of incorporation and our restated bylaws will include a number of provisions that may have the effect of deterring hostile takeovers, or delaying or preventing changes in control of our management team or changes in our board of directors or our governance or policy, including the following:

- **Board Vacancies.** Our restated bylaws and certificate of incorporation will authorize generally only our board of directors to fill vacant directorships resulting from any cause or created by the expansion of our board of directors. In addition, the number of directors constituting our board of directors may be set only by resolution adopted by a majority vote of our entire board of directors. These provisions prevent a stockholder from increasing the size of our board of directors and gaining control of our board of directors by filling the resulting vacancies with its own nominees.
- **Classified Board.** Our restated certificate of incorporation and restated bylaws will provide that our board of directors is classified into three classes of directors. The existence of a classified board of directors could delay a successful tender offeror from obtaining majority control of our board of directors, and the prospect of that delay might deter a potential offeror. See the section titled “Management—Corporate Governance—Classified Board of Directors” for additional information.
- **Directors Removed Only for Cause.** Our restated certificate of incorporation will provide that stockholders may remove directors only for cause.
- **Supermajority Requirements for Amendments of Our Restated Certificate of Incorporation and Restated Bylaws.** Our restated certificate of incorporation will further provide that the affirmative vote of holders of at least two-thirds of the voting power of our outstanding common stock will be required to amend certain provisions of our restated certificate of incorporation, including provisions relating to the classified board, the size of the board of directors, removal of directors, special meetings, actions by written consent, and designation of our preferred stock. The affirmative vote of holders of at least two-thirds of the voting power of our outstanding common stock will be required to amend or repeal our restated bylaws, although our restated bylaws may be amended by a simple majority vote of our board of directors.

- **Stockholder Action; Special Meetings of Stockholders.** Our 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, holders of our capital stock would not be able to amend our restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our restated bylaws. Our restated certificate of incorporation and our restated bylaws will provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairperson of our board of directors, our chief executive officer, our president, or the lead independent director, 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 to take any action, including the removal of directors.
- **Advance Notice Requirements for Stockholder Proposals and Director Nominations.** Our 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. To be timely, a stockholder's notice generally must be delivered to us not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting of stockholders. Our restated bylaws also will specify certain requirements regarding the form and content of a stockholder's notice. With respect to nominations of persons for election to our board of directors, the notice shall provide information about the nominee, including, among other things, name, age, address, principal occupation, ownership of our capital stock, and whether they meet applicable independence requirements. With respect to the proposal of other business to be considered by our stockholders at an annual meeting, the notice shall provide a brief description of the business desired to be brought before the meeting, the text of the proposal or business, the reasons for conducting such business at the meeting, and any material interest in such business by such stockholder and any beneficial owners and associated persons on whose behalf the notice is made, or the proposing persons. In addition, a stockholder's notice must set forth certain information related to the proposing persons, including, among other things:
 - the name and address of the proposing persons;
 - information as to the ownership by the proposing persons of our capital stock and any derivative interest or short interest in any of our securities held by the proposing persons;
 - information as to any material relationships and interest between the proposing persons and us, any of our affiliates, and any of our principal competitors;
 - a representation that the stockholder is a holder of record of our stock entitled to vote at that meeting and that the stockholder intends to appear in person or by proxy at the meeting to propose such nomination or business; and
 - a representation whether the proposing persons intend or are part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to elect the nominee or carry the proposal.

These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders. We expect that these provisions might 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 DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our restated certificate of incorporation and restated bylaws will not provide for cumulative voting.
- **Issuance of Undesignated Preferred Stock.** We anticipate that after the filing of our restated certificate of incorporation, our board will have the authority, without further action by the stockholders, to issue up

to 10,000,000 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 enables 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 otherwise.

Choice of Forum

In addition, our restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the DGCL, our restated certificate of incorporation, or our restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. Our restated bylaws will also provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this provision. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation and bylaws has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable.

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be Computershare Trust Company, N.A. The transfer agent's address is 250 Royall Street, Canton, Massachusetts 02021, and its telephone number is (800) 962-4284.

Exchange Listing

We have applied to list our common stock on The Nasdaq Global Market under the symbol "UPWK."

SHARES ELIGIBLE FOR FUTURE SALE

Before 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.

Nevertheless, sales of substantial amounts of our common stock, including shares issued upon exercise of outstanding stock options, in the public market following this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities.

Upon the completion of this offering, based on the 97,159,082 shares of our common stock outstanding as of June 30, 2018, we will have a total of _____ shares of our common stock outstanding. Of these outstanding shares, all of the _____ shares of 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, only would be able to be sold in compliance with the Rule 144 limitations described below.

The remaining outstanding shares of our common stock will be deemed “restricted securities” as defined in Rule 144. Restricted securities may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 promulgated under the Securities Act, which rules are summarized below. In addition, each of our directors, executive officers, and the holders of substantially all of our outstanding equity securities have entered into market standoff agreements with us or lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our stock for at least 180 days following the date of this prospectus, as described below. Subject to the provisions of Rule 144 or Rule 701, shares will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all of the shares sold in this offering will be immediately available for sale in the public market; and
- beginning 181 days after the date of this prospectus, _____ additional shares will become eligible for sale in the public market, of which _____ shares will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below.

Lock-Up/Market Standoff Agreements

All of our directors, executive officers, selling stockholders, and holders of substantially all of our outstanding equity securities are subject to lock-up agreements or market standoff provisions that prohibit them from offering for sale, selling, contracting to sell, granting any option for the sale of, transferring, or otherwise disposing of (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) any shares of our common stock or securities convertible into or exercisable or exchangeable for any shares of our common stock, or establishing or increasing a put equivalent position or liquidating or decreasing a call equivalent position with respect to such securities, or publicly disclosing the intention to effect any such transaction, for a period of 180 days following the date of this prospectus without the prior written consent of Citigroup Global Markets Inc. and Jefferies LLC. These agreements are subject to certain customary exceptions. See the section titled “Underwriting.”

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements 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 proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, 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.

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In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up and market standoff 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 common stock then outstanding, which will equal approximately _____ shares immediately after this offering; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

Stock Options

As soon as practicable after the completion of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act covering all of the shares of our common stock subject to outstanding options and restricted stock units and the shares of common stock reserved for issuance under our equity incentive plans. In addition, we intend to file a registration statement on Form S-8 or such other form as may be required under the Securities Act for the resale of shares of our common stock issued upon the exercise of options that were not granted under Rule 701. We expect to file this registration statement as soon as permitted under the Securities Act. However, the shares registered on Form S-8 may be subject to the volume limitations and the manner of sale, notice, and public information requirements of Rule 144 and will not be eligible for resale until expiration of the lock-up and market standoff agreements to which they are subject.

Registration Rights

We have granted demand, piggyback, and Form S-3 registration rights to certain of our stockholders to sell our common stock. Registration of the sale of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. For a further description of these rights, see the section titled "Description of Capital Stock—Registration Rights."

MATERIAL U.S. FEDERAL TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following summary describes the material U.S. federal income tax consequences of the ownership and disposition of our common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion does not address all aspects of U.S. federal income taxes, does not discuss the potential application of the alternative minimum tax or Medicare contribution tax on net investment income and does not deal with state or local taxes, U.S. federal gift and estate tax laws, except to the limited extent provided below, or any non-U.S. tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances.

Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Internal Revenue Code, such as:

- insurance companies, banks, and other financial institutions;
- tax-exempt organizations (including private foundations) and tax-qualified retirement plans;
- foreign governments and international organizations;
- broker-dealers and traders in securities;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons that own, or are deemed to own, more than 5% of our capital stock;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- persons that hold our common stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or integrated investment or other risk reduction strategy;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code (generally, for investment purposes); and
- partnerships and other pass-through entities, and investors in such pass-through entities (regardless of their places of organization or formation).

Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

If a partnership, including any entity treated as a partnership for U.S. federal income tax purposes, is a holder of shares of our common stock, the tax treatment of a partner or member in the partnership or entity will generally depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. A holder of shares of our common stock that is a partnership, and partners in such partnership, are urged to consult their own tax advisors regarding the tax consequences of the acquisition, ownership and disposition of shares of our common stock.

Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code, and Treasury regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked, or modified, possibly retroactively, and are subject to differing interpretations, which could result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the Internal Revenue Service, or IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions or will not take a contrary position regarding the tax consequences described herein, or that any such contrary position would not be sustained by a court.

PERSONS CONSIDERING THE PURCHASE OF OUR COMMON STOCK PURSUANT TO THIS OFFERING SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF ACQUIRING, OWNING AND DISPOSING OF OUR COMMON STOCK IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES

ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION, INCLUDING ANY STATE, LOCAL, OR NON-U.S. TAX CONSEQUENCES OR ANY U.S. FEDERAL NON-INCOME TAX CONSEQUENCES, AND THE POSSIBLE APPLICATION OF TAX TREATIES.

For the purposes of this discussion, a “Non-U.S. Holder” is a beneficial owner of common stock that is not a U.S. Holder or a partnership for U.S. federal income tax purposes. A “U.S. Holder” means a beneficial owner of our common stock that is for U.S. federal income tax purposes (a) an individual citizen or resident of the United States, (b) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes), created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Internal Revenue Code) have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are an individual non-U.S. citizen, you may, in some cases, be deemed to be a resident alien (as opposed to a nonresident alien) by virtue of being present in the United States for at least 31 days in the current calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. Generally, for this purpose, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year, are counted.

Resident aliens are generally subject to U.S. federal income tax as if they were U.S. citizens. Individuals who are uncertain of their status as resident or nonresident aliens for U.S. federal income tax purposes are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership or disposition of our common stock.

Distributions

As described in the section titled “Dividend Policy,” we do not expect to make any distributions on our common stock in the foreseeable future. If we do make distributions on our common stock, however, such distributions made to a Non-U.S. Holder of our common stock will constitute dividends for U.S. tax purposes to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a Non-U.S. Holder’s adjusted tax basis in our common stock. Any remaining excess will be treated as gain realized on the sale or exchange of our common stock as described in the section titled “—Gain on Disposition of Our Common Stock.”

Any distribution on our common stock that is treated as a dividend paid to a Non-U.S. Holder that is not effectively connected with the holder’s conduct of a trade or business in the United States will generally be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and the Non-U.S. Holder’s country of residence. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide the applicable withholding agent with a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E or other appropriate form, certifying the Non-U.S. Holder’s entitlement to benefits under that treaty. Such form must be provided prior to the payment of dividends and must be updated periodically. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder’s behalf, the holder will be required to provide appropriate documentation to such agent. The holder’s agent may then be required to provide certification to the applicable withholding agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. withholding tax under an income tax treaty, you should consult with your own tax advisor to determine if you are able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment that the holder maintains in the United States) if a properly executed IRS Form W-8ECL, stating that the dividends are so connected, is furnished to us (or, if stock is held through a financial institution or other agent, to the applicable withholding agent). In general,

such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates applicable to U.S. persons. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional “branch profits tax,” which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder’s effectively connected earnings and profits, subject to certain adjustments.

See also the sections below titled “—Foreign Accounts” and “—Backup Withholding and Information Reporting” for additional withholding rules that may apply to dividends paid to certain foreign financial institutions or non-financial foreign entities and to any recipient that has not properly established its exemption from U.S. backup withholding, respectively.

Gain on Disposition of Our Common Stock

Subject to the discussions below under the sections titled “—Backup Withholding and Information Reporting” and “—Foreign Accounts,” a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax with respect to gain realized on a sale or other disposition of our common stock unless (a) the gain is effectively connected with a trade or business of the holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment that the holder maintains in the United States), (b) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (c) we are or have been a “United States real property holding corporation” within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or the holder’s holding period in the common stock.

If you are a Non-U.S. Holder described in (a) above, you will be required to pay tax on the net gain derived from the sale at the regular graduated U.S. federal income tax rates applicable to U.S. persons. Corporate Non-U.S. Holders described in (a) above may also be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual Non-U.S. Holder described in (b) above, you will be required to pay a flat 30% tax on the gain derived from the sale, which gain may be offset by U.S. source capital losses (even though you are not considered a resident of the United States), provided you have timely filed U.S. federal income tax returns with respect to such losses. With respect to (c) above, in general, we would be a United States real property holding corporation if the fair market value of our U.S. real property interests as defined in the Internal Revenue Code and the Treasury Regulations comprised at least half the fair market value of our real property and other business assets. We believe that we are not, and do not anticipate becoming, a United States real property holding corporation. However, there can be no assurance that we will not become a United States real property holding corporation in the future. Even if we are treated as a U.S. real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as (1) the Non-U.S. Holder owned, directly, indirectly or constructively, no more than five percent of our common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder’s holding period and (2) our common stock is regularly traded on an established securities market. There can be no assurance that our common stock will qualify as regularly traded on an established securities market.

See the sections titled “—Foreign Accounts” and “—Backup Withholding and Information Reporting” for additional information regarding withholding rules that may apply to proceeds of a disposition of our common stock paid to foreign financial institutions or non-financial foreign entities and to any recipient that has not properly established its exemption from U.S. backup withholding, respectively.

U.S. Federal Estate Tax

The estates of nonresident alien individuals generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our common stock will be U.S. situs property and, therefore, will be included in the taxable estate of a nonresident alien decedent, unless an applicable estate tax treaty between the United States and the decedent’s country of residence provides otherwise. The terms “resident” and

“nonresident” are defined differently for U.S. federal estate tax purposes than for U.S. federal income tax purposes. Investors are urged to consult their own tax advisors regarding the U.S. federal estate tax consequences of the ownership or disposition of our common stock.

Backup Withholding and Information Reporting

Generally, we or certain financial middlemen must report information to the IRS with respect to any dividends we pay on our common stock including the amount of any such dividends, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder to whom any such dividends are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient’s country of residence.

Dividends paid by us (or our paying agents) to a Non-U.S. Holder may also be subject to U.S. backup withholding. U.S. backup withholding generally will not apply to a Non-U.S. Holder who provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know the holder is a U.S. person.

Under current U.S. federal income tax law, U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of any broker, U.S. or non-U.S., unless the Non-U.S. Holder provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or otherwise meets documentary evidence requirements for establishing non-U.S. person status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements 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 non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes, certain brokers with substantial U.S. ownership or operations will generally be treated in a manner similar to U.S. brokers.

Backup withholding is not an additional tax. If backup withholding is applied to you, you should consult with your own tax advisor to determine whether you have overpaid your U.S. federal income tax, and whether you are able to obtain a tax refund or credit of the overpaid amount.

Foreign Accounts

In addition, U.S. federal withholding taxes may apply under Sections 1471 through 1474 of the Internal Revenue Code (commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments, including dividends and, on or after January 1, 2019, the gross proceeds of a disposition of our common stock, made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or, on or after January 1, 2019, gross proceeds from the sale or other disposition of, our common stock paid to a “foreign financial institution” or a “non-financial foreign entity” (each as defined in the Internal Revenue Code), unless (1) the foreign financial institution agrees to undertake certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any “substantial United States owners” (as defined in the Internal Revenue Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. The 30% federal withholding tax described in this paragraph cannot be reduced under an income tax treaty with the United States. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain “specified United States persons” or “United States-owned foreign entities” (each as defined in the Internal Revenue Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

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Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAW, AS WELL AS TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, NON-U.S., OR U.S. FEDERAL NON-INCOME TAX LAWS SUCH AS ESTATE AND GIFT TAX.

UNDERWRITING

Citigroup Global Markets Inc., Jefferies LLC, and RBC Capital Markets, LLC are acting as joint-bookrunning managers and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally and not jointly agreed to purchase, and we and the selling stockholders have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

<u>Underwriter</u>	<u>Number of Shares</u>
Citigroup Global Markets Inc.	
Jefferies LLC	
RBC Capital Markets, LLC	
Stifel, Nicolaus & Company, Incorporated	
JMP Securities LLC	
Total	

The underwriting agreement will provide that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters will be obligated to purchase all the shares (other than those covered by the option to purchase additional shares described below) if they purchase any of the shares.

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 from the initial public offering price not to exceed \$ per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The representatives have advised us that the underwriters do not intend sales to discretionary accounts.

If the underwriters sell more shares than the total number set forth in the table above, we have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares at the public offering price less the underwriting discounts and commissions set forth on the cover of this prospectus. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

In connection with this offering, we, our executive officers, directors, selling stockholders, and holders of substantially all of our outstanding shares of capital stock and other securities have agreed that, for a period of 180 days from the date of this prospectus, we and they will not, without the prior written consent of Citigroup Global Markets Inc. and Jefferies LLC, dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. Citigroup Global Markets Inc. and Jefferies LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice.

The foregoing restrictions are subject to specified exceptions, including, without limitation, transfers (a) as bona fide gifts or for bona fide estate planning purposes, (b) to any member of the immediate family of the party subject to the restrictions or to any trust for the direct or indirect benefit of such party's immediate family, or if such restricted party is a trust, to a trustor, trustee, or beneficiary of the trust or to the estate of a trustor, trustee, or beneficiary of such trust, (c) upon death or by will, testamentary document, or intestate succession, (d) in transactions consisting of shares of common stock acquired by the party subject to the restrictions either in this offering or in open market transactions after the completion of this offering, (e) if the party subject to the restrictions is a corporation, business trust, association, limited liability company, partnership, limited liability partnership, or other entity, to such an entity which is directly or indirectly controlled by, a wholly-owned subsidiary of, or is under common control, with such restricted party, or as part of a disposition, transfer, or distribution by such restricted party to its limited or general partners, members, stockholders, or other

equityholders or to the estate of any such partners, members, stockholders, or other equityholders, (f) to us in connection with the vesting or settlement of restricted stock units or the “net” or “cashless” exercise of options, warrants, or other rights to purchase shares of common stock for purposes of exercising such options, warrants, or rights, in each case, pursuant to equity awards made under plans, or warrants, or other rights, that are described in this prospectus, (g) to us pursuant to equity awards made under plans, or warrants or other rights, that are described in this prospectus or a right of first refusal that we have with respect to transfers of such shares or securities, (h) pursuant to a bona fide third-party tender offer, merger, consolidation, or other similar transaction made to all holders of our capital stock that takes place after the completion of the offering, (i) in connection with the conversion or reclassification of our outstanding preferred stock into shares of common stock in connection with the offering and in accordance with our certificate of incorporation, (j) pursuant to a qualified domestic order or in connection with a divorce settlement or any other court order, or (k) to the representatives in connection with the offering; each subject to certain further restrictions and qualifications.

Prior to this offering, there has been no public market for our shares. Consequently, the initial public offering price for the shares was determined by negotiations between us, the selling stockholders, and the representatives. Among the factors considered in determining the initial public offering price were our results of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management, and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. We cannot assure you, however, that the price at which the shares will sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our shares will develop and continue after this offering.

We have applied to list our shares on The Nasdaq Global Market under the symbol “UPWK.”

The following table shows the underwriting discounts and commissions that we and the selling stockholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase additional shares from us.

	Paid by Us		Paid by Selling Stockholders	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per share	\$	\$	\$	\$
Total	\$	\$	\$	\$

We estimate that our portion of the total expenses of this offering, excluding underwriting discounts and commissions, will be \$ million. We have agreed to reimburse the underwriters for fees and expenses up to \$25,000 related to the clearance of this offering with the Financial Industry Regulatory Authority, Inc. and compliance with state securities or “blue sky” laws.

In connection with the offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the option to purchase additional shares and stabilizing purchases.

- Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales of shares in an amount up to the number of shares represented by the underwriters’ option to purchase additional shares. “Naked” short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters’ option to purchase additional shares.
- Covering transactions involve purchases of shares either pursuant to the underwriters’ option to purchase additional shares or in the open market in order to cover short positions. To close a naked short position, the underwriters must purchase shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering. To close a covered short position, the underwriters must purchase shares in the open market or must exercise

the option to purchase additional shares. In determining the source of shares to close 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 shares through the option to purchase additional shares.

- Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on The Nasdaq Global Market, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Conflicts of Interest

The underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Selling Restrictions

General

Other than in the United States, no action has been taken by us, the selling stockholders, or the underwriters that would permit a public offering of the shares of common stock offered by this prospectus in any jurisdiction where action for that purpose is required. The shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area, or Member State, no offer of the shares of common stock which are the subject of the offering has been, or will be, made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 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
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the shares of common stock referred to in (a) to (c) above shall result in a requirement for us or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person located in a Member State to whom any offer of shares of our common stock is made or who receives any communication in respect of an offer of shares of our common stock, or who initially acquires any of our shares of common stock will be deemed to have represented, warranted, acknowledged, and agreed to and with each representative and us that (1) it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and (2) in the case of any shares of common stock acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or where shares of our common stock have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those shares of common stock to it is not treated under the Prospectus Directive as having been made to such persons.

We, the selling stockholders, the representatives, and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgments, and agreements.

This prospectus has been prepared on the basis that any offer of shares of our common stock in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Member State of shares of our common stock which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us, the selling stockholders, or any of the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we, the selling stockholders, nor the representatives have authorized, nor do they authorize, the making of any offer of shares of our common stock in circumstances in which an obligation arises for us, the selling stockholders, or the representatives to publish a prospectus for such offer.

For the purposes of this provision, the expression an “offer of shares of our common stock to the public” in relation to any shares of our common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of our common stock to be offered so as to enable an investor to decide to purchase or subscribe the shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in each Member State.

The above selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the

Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”).

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in Switzerland

The shares of our common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to, the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us, or the shares of our common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares of our common stock will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of shares of our common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or the DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or the ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, or the Exempt Investors, who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares of our common stock applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of twelve months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation, or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The shares of our common stock offered in this prospectus 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 Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares of our common stock offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

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 shares of our common stock may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where shares of our common stock 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; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor. Shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:
 - to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - where no consideration is or will be given for the transfer;
 - where the transfer is by operation of law;
 - as specified in Section 276(7) of the SFA; or
 - as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Canada

The shares of our common stock offered in this prospectus may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Israel

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or the Securities Law, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus is being distributed only to, and is directed only at, and any offer of shares of common stock offered by this prospectus is directed only at, (i) a limited number of persons in accordance with the Securities Law and (ii) investors listed in the first addendum, or the Addendum, to the Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and "qualified individuals," each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case, purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors are required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

Notice to Prospective Investors in Chile

The shares of common stock which are the subject of this offering are not registered in the Securities Registry (Registro de Valores) or subject to the control of the Chilean Securities and Exchange Commission

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(Superintendencia de Valores y Seguros de Chile). This prospectus and other offering materials relating to the offer of the shares of common stock do not constitute a public offer of, or an invitation to subscribe for or purchase, the shares in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (Ley de Mercado de Valores) (an offer that is not “addressed to the public at large or to a certain sector or specific group of the public”).

LEGAL MATTERS

The validity of the shares of our common stock offered by this prospectus will be passed upon for us by Fenwick & West LLP, Mountain View, California. Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California, is acting as counsel to the underwriters.

EXPERTS

The consolidated financial statements as of December 31, 2016 and 2017 and for the years then ended included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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 common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits filed therewith. For further information about us and the common stock offered hereby, reference is made to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and in each instance we refer you to the copy of such contract or other document filed as an exhibit to the registration statement. We currently do not file periodic reports with the SEC. Upon completion of this offering, we will be required to file periodic reports, proxy statements, and other information with the SEC pursuant to the Exchange Act. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, District of Columbia 20549, and copies of all or any part of the registration statement may be obtained from that office. Please call the SEC at (800) SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

UPWORK INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Upwork Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Upwork Inc. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations, of redeemable convertible preferred stock and stockholders' deficit, and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

San Jose, California

June 4, 2018

We have served as the Company's auditor since 2016.

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

	<u>December 31,</u>		<u>June 30,</u>	<u>Pro</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Forma</u>
			(unaudited)	<u>June 30,</u>
				<u>2018</u>
ASSETS				
Current assets:				
Cash	\$ 27,326	\$ 21,595	\$ 31,331	
Funds held in escrow, including funds in transit	59,833	87,195	81,502	
Trade and client receivables – net of allowance of \$2,473 and \$1,577 as of December 31, 2016 and 2017, respectively, and \$2,239 as of June 30, 2018 (unaudited)	25,320	30,762	36,824	
Prepaid expenses and other current assets	4,139	4,574	5,246	
Total current assets	<u>116,618</u>	<u>144,126</u>	<u>154,903</u>	
Property and equipment, net	2,605	3,514	6,044	
Goodwill	118,219	118,219	118,219	
Intangible assets, net	11,399	8,672	7,338	
Other assets, noncurrent	759	658	3,759	
Total assets	<u>\$ 249,600</u>	<u>\$ 275,189</u>	<u>\$ 290,263</u>	
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' (DEFICIT) EQUITY				
Current liabilities:				
Accounts payable	\$ 370	\$ 462	\$ 1,920	
Escrow funds payable	59,833	87,195	81,502	
Debt, current	2,992	10,342	12,764	
Accrued expenses and other current liabilities	21,624	16,030	33,858	
Deferred revenue	594	614	711	
Total current liabilities	<u>85,413</u>	<u>114,643</u>	<u>130,755</u>	
Debt, noncurrent	13,970	23,491	21,120	
Other liabilities, noncurrent	1,563	1,936	2,513	\$ 1,050
Total liabilities	<u>100,946</u>	<u>140,070</u>	<u>154,388</u>	<u>152,925</u>
Commitments and contingencies (Note 5)				
Redeemable convertible preferred stock, \$0.0001 par value; 76,141,345 shares authorized as of December 31, 2016 and 2017 and as of June 30, 2018 (unaudited); 65,464,387 shares issued and outstanding as of December 31, 2016 and 61,279,079 shares issued and outstanding as of December 31, 2017 and as of June 30, 2018 (unaudited); aggregate liquidation preference of \$129,913 as of December 31, 2016 and \$120,047 as of December 31, 2017 and as of June 30, 2018 (unaudited); no shares issued and outstanding, pro forma (unaudited)	178,785	166,486	166,486	—
Stockholders' (deficit) equity:				
Common stock, \$0.0001 par value; 150,000,000 shares authorized as of December 31, 2016 and 2017 and as of June 30, 2018 (unaudited); 32,178,236, 33,740,323, and 35,880,003 shares issued and outstanding as of December 31, 2016 and 2017 and June 30, 2018 (unaudited); 97,159,082 shares issued and outstanding, pro forma (unaudited)	3	3	4	10
Additional paid-in capital	89,335	92,222	100,173	268,116
Accumulated deficit	<u>(119,469)</u>	<u>(123,592)</u>	<u>(130,788)</u>	<u>(130,788)</u>
Total stockholders' (deficit) equity	<u>(30,131)</u>	<u>(31,367)</u>	<u>(30,611)</u>	<u>137,338</u>
Total liabilities, redeemable convertible preferred stock, and stockholders' (deficit) equity	<u>\$ 249,600</u>	<u>\$ 275,189</u>	<u>\$ 290,263</u>	<u>\$ 290,263</u>

The accompanying notes are an integral part of these consolidated financial statements.

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

	<u>Year Ended December 31,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
			(unaudited)	
Revenue	\$164,445	\$202,552	\$95,531	\$121,899
Cost of revenue	62,578	65,443	30,953	40,074
Gross profit	<u>101,867</u>	<u>137,109</u>	<u>64,578</u>	<u>81,825</u>
Operating expenses:				
Research and development	37,902	45,604	21,005	26,303
Sales and marketing	37,437	53,044	23,701	36,087
General and administrative	35,446	37,334	16,463	22,395
Provision for transaction losses	5,550	4,250	1,784	2,720
Total operating expenses	<u>116,335</u>	<u>140,232</u>	<u>62,953</u>	<u>87,505</u>
Income (loss) from operations	(14,468)	(3,123)	1,625	(5,680)
Interest expense	858	960	430	1,085
Other (income) expense, net	908	62	(185)	422
Income (loss) before income taxes	<u>(16,234)</u>	<u>(4,145)</u>	<u>1,380</u>	<u>(7,187)</u>
Income tax benefit (provision)	1	22	(11)	(9)
Net income (loss)	<u>\$ (16,233)</u>	<u>\$ (4,123)</u>	<u>\$ 1,369</u>	<u>\$ (7,196)</u>
Premium paid on repurchase of redeemable convertible preferred stock	—	(6,506)	—	—
Undistributed earnings allocable to preferred stockholders	—	—	(1,369)	—
Net loss attributable to common stockholders	<u>\$ (16,233)</u>	<u>\$ (10,629)</u>	<u>\$ —</u>	<u>\$ (7,196)</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.51)</u>	<u>\$ (0.32)</u>	<u>\$ —</u>	<u>\$ (0.21)</u>
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	<u>32,072</u>	<u>32,945</u>	<u>32,487</u>	<u>34,651</u>
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		<u>\$ (0.04)</u>		<u>\$ (0.07)</u>
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		<u>98,072</u>		<u>95,930</u>
Supplemental pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		<u>\$</u>		<u>\$</u>
Supplemental weighted-average shares used to compute supplemental pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		<u></u>		<u></u>

The accompanying notes are an integral part of these consolidated financial statements.

UPWORK INC.

CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT

(In thousands, except share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balances as of December 31, 2015	65,464,387	\$178,785	31,905,645	\$ 3	\$ 81,799	\$ (103,236)	\$ (21,434)
Issuance of common stock upon exercise of stock options	—	—	272,591	—	270	—	270
Stock-based compensation expense	—	—	—	—	7,266	—	7,266
Net loss	—	—	—	—	—	(16,233)	(16,233)
Balances as of December 31, 2016	65,464,387	178,785	32,178,236	3	89,335	(119,469)	(30,131)
Exercise of warrant on redeemable convertible preferred stock and related reclassification of redeemable convertible preferred stock warrant liability	83,181	404	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	1,554,944	—	2,547	—	2,547
Issuance of common stock to consultants	—	—	7,143	—	—	—	—
Repurchase and retirement of redeemable convertible preferred stock	(4,268,489)	(12,703)	—	—	(6,506)	—	(6,506)
Stock-based compensation expense	—	—	—	—	6,846	—	6,846
Net loss	—	—	—	—	—	(4,123)	(4,123)
Balances as of December 31, 2017	61,279,079	166,486	33,740,323	3	92,222	(123,592)	(31,367)
Issuance of common stock upon exercise of stock options and common stock warrants (unaudited)	—	—	2,139,680	1	4,270	—	4,271
Stock-based compensation expense (unaudited)	—	—	—	—	3,681	—	3,681
Net loss (unaudited)	—	—	—	—	—	(7,196)	(7,196)
Balances as of June 30, 2018 (unaudited)	61,279,079	\$166,486	35,880,003	\$ 4	\$ 100,173	\$ (130,788)	\$ (30,611)

The accompanying notes are an integral part of these consolidated financial statements.

UPWORK INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	<u>Year Ended December 31,</u>		<u>Six Months Ended</u>	
	<u>2016</u>	<u>2017</u>	<u>June 30,</u>	
			<u>2017</u>	<u>2018</u>
			<u>(unaudited)</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$(16,233)	\$ (4,123)	\$ 1,369	\$ (7,196)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Provision for transaction losses	5,550	4,250	1,784	2,720
Depreciation and amortization	8,462	4,186	2,102	2,255
Amortization of debt issuance costs	—	49	14	51
Change in fair value of redeemable preferred stock warrant liability	114	118	51	359
Stock-based compensation expense	7,266	6,846	3,291	3,681
Loss on disposal of fixed assets	32	66	4	33
Changes in operating assets and liabilities:				
Trade and client receivables	(8,320)	(8,860)	(3,714)	(8,620)
Prepaid expenses and other assets	(450)	(479)	43	(572)
Accounts payable	(578)	74	669	261
Accrued expenses and other liabilities	7,057	(6,148)	3,261	17,333
Deferred revenue	248	20	203	98
Net cash provided by (used in) operating activities	<u>3,148</u>	<u>(4,001)</u>	<u>9,077</u>	<u>10,403</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Decrease (increase) in restricted cash	371	208	(1)	(100)
Purchases of property and equipment	(846)	(1,830)	(568)	(1,297)
Internal-use software and platform development costs	—	(489)	(241)	(1,945)
Net cash used in investing activities	<u>(475)</u>	<u>(2,111)</u>	<u>(810)</u>	<u>(3,342)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Changes in funds held in escrow, including funds in transit	4,725	(27,362)	(7,452)	5,694
Changes in escrow funds payable	(4,725)	27,362	7,452	(5,694)
Proceeds from exercises of stock options and common stock warrants	270	2,547	1,401	4,271
Proceeds from exercise of redeemable convertible preferred stock warrant	—	260	260	—
Repurchase of redeemable convertible preferred stock	—	(19,208)	—	—
Proceeds from borrowings on debt	17,000	34,000	—	—
Payment of debt issuance costs	(38)	(177)	—	—
Repayment of debt	(12,000)	(17,000)	(3,000)	—
Payments of deferred offering costs	—	(41)	—	(1,596)
Net cash provided by (used in) financing activities	<u>5,232</u>	<u>381</u>	<u>(1,339)</u>	<u>2,675</u>
NET INCREASE (DECREASE) IN CASH	7,905	(5,731)	6,928	9,736
Cash, beginning of period	19,421	27,326	27,326	21,595
Cash, end of period	<u>\$ 27,326</u>	<u>\$ 21,595</u>	<u>\$34,254</u>	<u>\$31,331</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for income taxes	\$ —	\$ 55	\$ —	\$ —
Cash paid for interest	1,330	847	488	1,053
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Property and equipment purchased but not yet paid	—	114	41	355
Reclassification of redeemable convertible preferred stock warrant liability to redeemable convertible preferred stock	—	144	144	—
Unpaid deferred offering costs	—	25	—	1,505

The accompanying notes are an integral part of these consolidated financial statements.

UPWORK INC.

Notes to Consolidated Financial Statements

Note 1—Organization and Description of Business

Upwork Inc. (the “Company” or “Upwork”) operates an online marketplace that enables businesses (“clients”) to find and work with highly-skilled independent professionals (“freelancers,” and, together with clients, “users”). The Company was originally incorporated in the state of Delaware in December 2013 prior to and in connection with the combination of Elance, Inc. and oDesk Corporation (the “Elance-oDesk Combination”). The Company changed its name to Elance-oDesk, Inc. (“Elance-oDesk”) shortly before the Elance-oDesk Combination in March 2014, and later to Upwork Inc. in May 2015. In 2015, the Company relaunched as Upwork and commenced consolidation of its two operating platforms. In 2016, following completion of the platform consolidation, the Company began operating under a single platform. The Company is headquartered in Mountain View, California.

The terms “Upwork” and the “Company” in these notes to the consolidated financial statements refer to Upwork and its wholly-owned subsidiaries taken as a whole.

The Company has incurred losses from operations since inception and had an accumulated deficit of \$119.5 million, \$123.6 million, and \$130.8 million (unaudited) as of December 31, 2016, December 31, 2017, and June 30, 2018, respectively. The Company has funded its operations primarily with net proceeds from private placements of redeemable convertible preferred stock, bank borrowings, and utilization of cash generated from operations. Management believes that the Company’s currently available resources will be sufficient to fund its cash requirements for at least the next twelve months.

Note 2—Basis of Presentation and Summary of Significant Accounting Policies

Unaudited Consolidated Financial Statements

The accompanying interim consolidated balance sheets as of June 30, 2018, the interim consolidated statements of operations and cash flows for the six months ended June 30, 2018 and 2017, and the interim consolidated statements of redeemable convertible preferred stock and stockholders’ deficit for the six months ended June 30, 2018 are unaudited. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, and in management’s opinion, includes all adjustments, consisting of only normal recurring adjustments, necessary for the fair statement of the Company’s financial position as of June 30, 2018 and its results of operations and cash flows for the six months ended June 30, 2018 and 2017. The financial data and the other financial information disclosed in the notes to these consolidated financial statements related to the six-month periods are also unaudited. The results of operations for the six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the full year or any other period.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of Upwork and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods presented. Such estimates include, but are not limited to, the useful lives of assets; assessment of the recoverability of long-lived assets; goodwill impairment;

UPWORK INC.**Notes to Consolidated Financial Statements (Continued)****Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

allowance for doubtful accounts; liabilities relating to transaction losses; the valuation of warrants; stock-based compensation; and accounting for income taxes. Management bases its estimates on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. The Company evaluates its estimates, assumptions, and judgments on an ongoing basis using historical experience and other factors and revises them when facts and circumstances dictate. Actual results could materially differ from these estimates.

Unaudited Pro Forma Consolidated Balance Sheet

The unaudited pro forma consolidated balance sheet information has been prepared assuming (i) the automatic conversion of all of the outstanding shares of redeemable convertible preferred stock into 61,279,079 shares of common stock upon the closing of an initial public offering contemplated by the Company that results in aggregate gross proceeds of at least \$50.0 million (“IPO”) and (ii) the reclassification of the redeemable convertible preferred stock warrant liability into additional paid-in capital resulting from the automatic conversion of a warrant to purchase 124,506 and 273,825 shares of Series A-1 and Series A-2 redeemable convertible preferred stock, respectively, into a warrant to purchase 398,331 shares of common stock. The unaudited pro forma consolidated balance sheet as of June 30, 2018 (unaudited) has been prepared as though the conversion and reclassification had occurred as of that date.

Cash

The Company holds its cash in checking and interest-bearing accounts.

Restricted Cash

The Company maintained restricted cash of \$2.5 million and \$2.3 million related to cash reserve requirements under the California Department of Business Oversight’s escrow laws and regulations, collateral for letters of credit issued in conjunction with the operating leases, and restricted cash balances under foreign currency forward contract obligations as of December 31, 2016 and 2017, respectively, and \$2.4 million (unaudited) as of June 30, 2018. Short-term restricted cash included in prepaid expenses and other current assets was \$1.7 million and \$1.8 million as of December 31, 2016 and 2017, respectively, and long-term restricted cash included in other assets, noncurrent was \$0.8 million and \$0.5 million as of December 31, 2016 and 2017, respectively. Short-term restricted cash included in prepaid expenses and other current assets was \$1.9 million (unaudited) as of June 30, 2018, and long-term restricted cash included in other assets, noncurrent was \$0.5 million (unaudited) as of June 30, 2018.

Funds Held in Escrow, Including Funds in Transit

The Company maintains its users’ funds held in escrow in demand or checking accounts at U.S. financial institutions, as well as four California licensed money transmitters. The balance in these accounts was in excess of federally insured limits as of December 31, 2016 and 2017 and June 30, 2018 (unaudited). Users’ funds held in escrow are denominated exclusively in U.S. dollars.

The Company is an internet escrow agent and is therefore required to hold its users’ escrowed funds and escrow funds in transit in trust as an asset and record a corresponding liability of escrow funds on its consolidated balance sheets. Escrow funds in transit arise due to the time it takes to clear transactions through external payment networks. When clients fund their escrow account using credit cards, there is a clearing period before the cash is received and settled. Accordingly, the funds are treated as funds in transit until the transaction

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

is settled to the escrow trust bank account or, in the case of international credit card settlements, to the Company's bank accounts. Escrow regulations require the Company to fund the trust with its own operating cash if there is ever a shortage due to the timing of cash receipts from clients for completed hourly work. As of December 31, 2016 and 2017 and June 30, 2018, the Company's users' cash as recorded in funds held in escrow, including funds in transit, was \$59.8 million, \$87.2 million, and \$81.5 million (unaudited), respectively.

Escrow Funds Payable

Escrow funds payable represent funds for users that are held in escrow by the Company. Escrow funds payable to clients primarily represent deposits received from certain clients to set up an account or to apply toward future payments to freelancers upon completion of the project defined and agreed between the client and the freelancer.

Concentration of Risk

Financial instruments that subject the Company to concentration of risk consist primarily of cash, restricted cash, funds held in escrow, including funds in transit, and trade and client receivables. The Company maintains its cash balances with large, high-credit quality financial institutions and other payment companies. At times, such deposits may be in excess of federally insured limits. The Company has not experienced any losses on its deposits. Credit risk on trade receivables is minimized as a result of the large size of the Company's client base as well as a large portion of payments made in the form of pre-authorized credit cards. The Company performs ongoing credit evaluation of its clients and maintains allowances for potential credit losses. For any receivables that are deemed not collectible, losses are recorded when probable and estimable. These losses, when incurred, have been within the range of the Company's expectations.

Two clients each accounted for more than 10% of trade and client receivables as of December 31, 2016, December 31, 2017, and June 30, 2018 (unaudited). For the years ended December 31, 2016 and 2017 and for the six months ended June 30, 2018, the Company generated \$25.9 million, \$24.5 million, and \$14.5 million (unaudited), respectively, in revenue from one client, which accounted for more than 10% of revenue for each period.

The Company is dependent upon third parties, such as Amazon Web Services, in order to meet the uptime and performance requirements of its clients.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, restricted cash, funds held in escrow, including funds in transit, trade and client receivables, prepaid and other current assets, escrow funds payable, debt, and the redeemable convertible preferred stock warrant liability. The redeemable convertible preferred stock warrant liability is remeasured at the end of every period and carried at fair value (see Note 3). The Company believes that the carrying values of the remaining financial instruments approximate their fair values. The Company's debt was determined to be Level II in the fair value hierarchy.

Trade and Client Receivables and Related Allowance for Doubtful Accounts

Trade and client receivables are primarily comprised of receivables from its managed services offering and amounts receivable from clients for completed work, including amounts in transit. It also includes unbilled amounts due from clients. Trade and client receivables are recorded and stated at realizable value, net of an allowance for doubtful accounts. Credit is extended generally without collateral to the Company's managed

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

services client and marketplace clients with Upwork Enterprise offerings based on an initial and ongoing evaluation of their financial condition and other factors. In aggregate, gross trade receivables were \$7.1 million and \$8.6 million and gross client receivables were \$20.7 million and \$23.8 million as of December 31, 2016 and 2017, respectively. Gross trade receivables and gross client receivables were \$9.9 million (unaudited) and \$29.4 million (unaudited), respectively, as of June 30, 2018.

The allowance for doubtful accounts is the Company's estimate of the probable credit losses. The Company periodically assesses the collectability of the accounts and determines the allowance recognized by taking into consideration the aging of its receivable balances, historical write-off experience, probability of collection, and other relevant data. Trade and client receivables are written off against the allowance when management determines a balance is uncollectible and no longer actively pursues collection of the receivable.

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

	<u>December 31,</u>		<u>June 30,</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>
			<u>(unaudited)</u>
Allowance for doubtful accounts, beginning balance	\$ 2,057	\$ 2,473	\$ 1,577
Provision for doubtful accounts	3,693	2,646	2,246
Amounts written off	(3,277)	(3,542)	(1,584)
Allowance for doubtful accounts, ending balance	<u>\$ 2,473</u>	<u>\$ 1,577</u>	<u>\$ 2,239</u>

Derivative Instruments

The Company uses derivative financial instruments not designated as hedges, such as foreign currency forward contracts, to minimize the short-term impact of foreign currency exchange rate fluctuations on certain foreign currency denominated assets and liabilities, as well as certain foreign currency denominated expenses, hedging the gains or losses generated by the re-measurement of significant foreign currency denominated monetary assets and liabilities. The Company does not enter into derivative instruments for speculative or trading purposes and these instruments generally have maturities within twelve months.

The foreign currency forward contracts are recorded at fair value and, when in gain positions, are reported within prepaid expenses and other current assets. When in loss positions, the foreign currency forward contracts are recorded within accrued expenses and other current liabilities in the consolidated balance sheets. Gains or losses from changes in the fair value of these foreign currency forward contracts not designated as hedging instruments are recorded in other (income) expense, net to offset the changes in the fair value of the underlying assets or liabilities being hedged.

The notional amounts associated with the Company's foreign currency forward contracts at December 31, 2016 and 2017 were \$2.6 million and \$3.6 million, respectively, and at June 30, 2018 was \$2.8 million (unaudited), none of which were designated as cash flow hedges. The carrying values of the foreign currency derivative forward contracts approximated their fair values due to their relatively short settlement durations. The fair values of the Company's outstanding foreign currency forward contracts not designated as hedging instruments as of December 31, 2016 and 2017 and June 30, 2018 were not material. Gains and losses on forward currency contracts not designated as hedging instruments were immaterial for the years ended December 31, 2016 and 2017 and for the six months ended June 30, 2017 and 2018 (unaudited).

UPWORK INC.**Notes to Consolidated Financial Statements (Continued)****Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)*****Property and Equipment***

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which are generally three to five years. Leasehold improvements are amortized on a straight-line basis over the shorter of the remaining lease term or their estimated useful lives. Repair and maintenance costs are charged to expense as incurred.

Internal-Use Software and Platform Development Costs

The Company's policy is to capitalize certain costs to develop its internal-use software and platform when (i) preliminary project planning is completed, (ii) the Company has committed project resourcing, and (iii) it is probable that the project will be completed and the software will be used as intended. Costs incurred for enhancements that are expected to result in additional significant functionality are also capitalized. Such costs are amortized on a straight-line basis over two years, beginning when the asset is ready for its intended use. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred. There was no capitalized cost for the year ended December 31, 2016. The Company capitalized costs, primarily related to personnel costs, of \$0.5 million for the year ended December 31, 2017 and \$1.9 million (unaudited) for the six months ended June 30, 2018. As of December 31, 2017 and June 30, 2018 (unaudited), since the assets had not been placed into service, amortization had not commenced.

Segment Information

The Company has one reportable segment. The Company's chief operating decision maker is its President and Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance.

Goodwill, Acquired Intangible Assets, and Other Long-Lived Assets

Goodwill represents the excess of the aggregate fair value of the consideration transferred over the fair value of the net tangible and identifiable intangible assets acquired in the Elance-oDesk Combination. Goodwill is not amortized, but rather is assessed for impairment at least annually, or more frequently if events and changes in circumstances indicate that its carrying amount may not be recoverable. The Company conducts its annual assessment during the fourth quarter of each calendar year based on a single reporting unit structure by performing a qualitative assessment of its goodwill to determine if any events or circumstances exist, such as an adverse change in business climate or a decline in the overall industry demand, that could indicate that it would more likely than not reduce the fair value of the reporting unit below its carrying amount, including goodwill. If it is not more likely than not that the fair value of the reporting unit is below its carrying amount, then goodwill is not considered to be impaired and no further testing is required. If further testing is required, the Company performs a two-step process. The first step involves comparing the fair value of the reporting unit to its carrying value, including goodwill. If the carrying value of the reporting unit exceeds its fair value, the second step of the process is performed by comparing the carrying value of the goodwill in the reporting unit to its implied fair value. If the carrying value of the goodwill is greater than its implied fair value, an impairment charge is recognized for the excess. There has been no impairment of goodwill for any of the periods presented.

The Company's long-lived assets consist of property and equipment and acquired identifiable, finite-lived intangible assets, namely developed technology, user relationships, trade names, and domain names. The finite-lived intangible assets are carried at cost, less accumulated amortization. The Company amortizes the finite-lived

UPWORK INC.**Notes to Consolidated Financial Statements (Continued)****Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

intangible assets over their estimated useful lives ranging from two to seven years based on the pattern in which the economic benefits of the intangible assets are consumed, or the straight-line method when the pattern cannot be reliably determined. The Company periodically reviews the remaining estimated useful lives of its long-lived tangible and amortizable intangible assets. If the estimated useful life assumption for any asset is changed, the remaining unamortized balance would be depreciated or amortized over the revised estimated useful life, on a prospective basis. Intangible amortization expense related to developed technology and trade names is recorded as cost of revenue. Intangible amortization expense related to user relationships and domain names is included in operating expenses.

The Company evaluates the recoverability of its long-lived assets, including finite-lived intangible assets, for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is measured by comparing the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If it is determined that the asset group is not recoverable, an impairment loss is recorded in the amount by which the carrying amount of the asset group exceeds the aggregate future undiscounted cash flows. When an impairment loss is recognized, the carrying amount of such assets is reduced to fair value. There was no impairment of long-lived assets in any of the periods presented.

Deferred Offering Costs

Deferred offering costs, consisting of legal, accounting, and filing fees directly relating to the Company's planned IPO, are capitalized. The deferred offering costs will be offset against the IPO proceeds upon the completion of the offering. In the event the offering is terminated, deferred offering costs will be expensed immediately. No amounts were capitalized as of December 31, 2016. For the year ended December 31, 2017 and for the six months ended June 30, 2018, the Company capitalized \$0.1 million and \$3.1 million (unaudited), respectively, of deferred offering costs in other assets, noncurrent.

Revenue Recognition

The Company operates an online marketplace that enables clients to find and work with freelancers. The Company primarily generates revenue from freelancers and clients from marketplace and managed services offerings.

The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition* ("ASC 605") and related authoritative guidance. Under ASC 605, revenue is recognized when the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) fees are fixed or determinable; (iii) the collection of the fees is reasonably assured; and (iv) services have been rendered.

The Company reports revenue in conformity with ASC 605-45, *Revenue Recognition-Principal Agent Considerations*. The determination of whether the Company is the principal or agent, and therefore whether to report revenue on a gross basis for the amount billed or on a net basis for the amount earned from each transaction, requires the Company to evaluate a number of indicators. The Company evaluates each separate unit of account for gross versus net as required.

The Company also reports revenue in conformity with ASC 605-50, *Customer Payments and Incentives*. The determination of whether the Company should characterize consideration paid to customers as costs or a reduction to revenue requires the Company to evaluate whether the consideration paid has an identifiable separable benefit to the Company and is at fair value. The Company provides certain marketing credits to clients which are treated as a reduction of revenue. The Company also enters into certain arrangements with certain

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

financial institutions for services that require a payment to be made to certain financial institutions. These arrangements are evaluated under the guidance of ASC 605-50 to ensure classification as a reduction of revenue or cost is appropriate.

Marketplace

The Company's marketplace revenue is derived from both its Upwork Standard offering and its Upwork Enterprise and other premium offerings.

Upwork Standard

The Company earns fees from freelancers under the Upwork Standard offering as follows:

Service fees. The Company provides freelancers access to the Upwork platform for freelancers to perform specified services agreed between freelancers and clients ("freelancer services"). Freelancers charge clients on an hourly or a milestone basis for services accessed through the Upwork platform ("freelancer billings"). The Company charges freelancers a service fee as a percentage of freelancer billings using a tiered service fee model based on cumulative lifetime billings by the freelancer to each client. For service fees charged to freelancers, the Company recognizes revenue on a net basis, as an agent, for providing access to the Upwork platform as it takes no responsibility for the freelancer services, and therefore the Company is not considered the primary obligor for the freelancer services. Additionally, freelancers and clients negotiate and agree upon the scope and the price for freelancer services directly with each other. The Company recognizes the service fee as services are rendered.

Withdrawal fees. The Company generates revenue from withdrawal fees from freelancers when the freelancers withdraw funds from their cash balances held with the Company. The Company charges a flat withdrawal fee for each withdrawal transaction and recognizes that fee as it is earned for each transaction.

Membership fees. The Company generates revenue from membership fees from freelancers that are charged a monthly fee that provides freelancers access to additional features on the Upwork platform. Membership fees are recognized over the period of the membership, which is generally monthly.

Connects fees. The Company generates revenue from connects fees from freelancers that are charged this fee that provides freelancers enhanced access to clients on the Upwork platform. These fees are recognized as services are rendered.

The Company earns fees from clients under the Upwork Standard offering as follows:

Client payment processing and administration fee. The Company generates revenue from clients for payment processing fees at the time the client is charged for the amounts due from the client. The Company charges a fee per transaction or a flat monthly payment processing fee. Per-transaction payment processing fees are recognized when the client is charged for the amount due and fees charged on a monthly basis are recognized over the month that payment processing services are provided. For client payment processing fees, the Company earns revenue on a gross basis as a principal and not net of the third-party payment processing costs incurred because the Company is considered the primary obligor for payment processing and administration services and has the latitude to set the price with clients separate and apart from the fees it pays its third-party payment processors.

Foreign currency exchange fees. The Company generates revenue from foreign currency exchange fees from clients by charging a fixed mark-up above quoted foreign currency exchange rates when the Company collects amounts denominated in foreign currency. Foreign currency exchange fees are recognized as they are earned for each payment transaction.

UPWORK INC.**Notes to Consolidated Financial Statements (Continued)****Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

Upwork Payroll service fees. The Company generates revenue from Upwork Payroll service fees from clients when their freelancers are classified as employees for engagements on the Upwork platform. The client enters into an Upwork Payroll agreement with the Company, and Upwork separately contracts with unrelated third-party staffing providers who provide employment services to such clients. In such arrangements, freelancers providing freelancer services to clients become employees of third-party staffing providers. In arrangements where clients enter into Upwork Payroll agreements, the Company charges Upwork Payroll service fees to clients and does not charge service fees to the freelancers who are employees of the third-party staffing providers. Such service fees are charged as a fixed percentage of the total freelancer billings. Under an Upwork Payroll agreement, the Company provides the client access to the Upwork platform to procure and manage freelancer services, as well as access to employment services provided by the third-party staffing providers which are earned at the same time, and no allocation of fair value between these elements is required. The Company recognizes Upwork Payroll service fees revenue on a net basis as an agent of the client for providing access to employment services provided by the third-party staffing provider. The Company takes no responsibility for these employment services performed by the third party on behalf of the client. Therefore, the Company is not considered the primary obligor for these services. For freelancer services, the Company recognizes revenue on a net basis, as an agent, for providing access to the Upwork platform as it takes no responsibility for the freelancer services, and therefore the Company is not considered the primary obligor for the freelancer services. Additionally, freelancers and clients negotiate and agree upon the scope and the price for freelancer services directly with each other. The Company recognizes the service fee as services are rendered by freelancers.

Upwork Enterprise and Other Premium Offerings

The Company earns fees from freelancers under Upwork Enterprise and other premium offerings as follows:

Service fees. The Company provides freelancers access to the Upwork platform for freelancers to perform freelancer services. The Company charges freelancers a service fee as a percentage of freelancer billings. The Company earns service fees based on a fixed percentage fee. For service fees charged to freelancers, the Company recognizes revenue on a net basis, as an agent, for providing access to the Upwork platform as it takes no responsibility for the freelancer services, and therefore the Company is not considered the primary obligor for the freelancer services. Additionally, freelancers and clients negotiate and agree upon the scope and the price for freelancer services directly with each other. The Company recognizes the service fee as services are rendered.

The Company earns fees from clients under Upwork Enterprise and other premium offerings as follows:

Client service fees. The Company offers clients access to the Company's platform to source freelancers in exchange for a client service fee calculated as a percentage of freelancer billings. The Company recognizes the client service fees as services are rendered by the freelancers.

Enterprise compliance service fees. The Company generates revenue from enterprise compliance service fees from clients under a compliance agreement with Upwork to determine whether a freelancer should be classified as an employee or an independent contractor based on the scope of freelancer services agreed between the client and freelancer and other factors. The Company charges enterprise compliance service fees as a percentage of freelancer billings. The Company recognizes revenue as services are rendered.

Subscription fees. The Company generates revenue from monthly or annual subscription fees for subscription services that include additional service features, premium access to top talent, professional services, custom reporting, and invoicing. The revenue attribution is consistent with membership fees stated under the Upwork Standard offering.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Upwork Payroll service fees. Upwork Payroll service fees are recognized on the same basis as described under the Upwork Standard offering.

Revenue sharing arrangements. For Upwork Standard, Upwork Enterprise, and other premium offerings, the Company generates a revenue share as a percentage of the fees charged by certain financial institutions to the freelancers. The Company recognizes revenue from these arrangements as they are earned, which is generally monthly based on the contractual terms.

Managed Services

Under a managed services arrangement, the Company is responsible for providing services and engaging freelancers directly or as employees of third-party staffing providers to perform the services on the Company's behalf. The Company recognizes revenue on a gross basis for amounts charged to the client based on the Company's determination that the Company is deemed to be the primary obligor as it takes responsibility and risk for these services completed for the client. The Company determines pricing for these services and then identifies and engages the freelancers or third-party staffing providers to fulfill the service obligation to the client. Revenue for these services is recognized as these services are rendered by the Company.

Multiple-Element Arrangements

Some of the Company's offerings consist of multiple elements which can include a mix of services, including subscription services, employment services, compliance services, and payment processing services. Where neither vendor-specific objective evidence nor third-party evidence of selling price exists, the Company is required to use its best estimate of selling price to allocate arrangement consideration on a relative basis to each element. At the inception of arrangements which do not include subscription services, as there is no fixed consideration to be allocated, a relative fair value allocation is not required. In the instance the multiple-element arrangements include subscription services, the only fixed consideration relates to the subscription services, which is a separate unit of accounting. The fixed consideration is allocated only to the subscription services at inception, as all other fees in the arrangements are contingent on certain activities being performed as stated above.

Deferred Revenue

Deferred revenue consists of subscription and membership fees collected in advance of services being rendered.

Cost of Revenue

Cost of revenue consists primarily of the cost of payment processing fees, costs of freelancers to deliver services under the Company's managed services offering, personnel-related costs for the Company's services and support personnel, third-party hosting fees, and the amortization expense associated with acquired intangibles and capitalized internal-use software and platform development. The Company defines personnel-related costs as salaries, bonuses, benefits, and stock-based compensation costs for employees, and costs related to other service providers the Company engages to provide internal services to the Company.

Research and Development

Research and development expense primarily consists of personnel-related costs and third-party hosting costs related to development. Research and development costs are expensed as incurred, except to the extent that such costs are associated with internal-use software and platform development that qualify for capitalization.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Advertising Expense

The Company expenses advertising costs as incurred. The Company incurred \$10.8 million and \$14.6 million in advertising expenses during the years ended December 31, 2016 and 2017, respectively. The Company incurred \$6.1 million (unaudited) and \$12.3 million (unaudited) in advertising expenses during the six months ended June 30, 2017 and 2018, respectively.

Provision for Transaction Losses

Provision for transaction losses consists primarily of losses resulting from fraud on the platform and bad debt expense associated with the Company's trade and client receivables balance and transaction losses expense related to chargebacks. Provision for these items represent estimates of losses based on the Company's actual historical incurred losses and other factors.

Redeemable Convertible Preferred Stock Warrant Liability

The Company accounts for freestanding warrants to purchase shares of its redeemable convertible preferred stock as a liability as the underlying shares of convertible preferred stock are contingently redeemable and, therefore, may obligate the Company to transfer assets at some point in the future. The redeemable convertible preferred stock warrants are recorded as other liabilities, noncurrent in the consolidated balance sheets at their estimated fair values and are subject to remeasurement at each balance sheet date. Any change in fair value from remeasurement is recognized as a component of other (income) expense, net in the consolidated statements of operations.

The Company will continue to adjust the liability for changes in fair value until the earlier of (i) the exercise or expiration of the warrants or (ii) the completion of a liquidation event, including the completion of an IPO, at which time the outstanding redeemable convertible preferred stock warrants will convert to a common stock warrant unless otherwise exercised and the liability will be reclassified to additional paid-in capital.

Stock-Based Compensation

The Company accounts for stock options to employees and directors based on their estimated fair value on the date of grant. The fair value of each stock option is estimated using the Black-Scholes valuation model. The model requires the Company to make a number of assumptions, including the value of the Company's common stock, expected volatility, expected term, risk-free interest rate, and expected dividends. The Company evaluates the assumptions used to value option awards upon each grant of stock options.

The Company recognizes stock-based compensation expense for stock options on a straight-line basis over the vesting term. Prior to the adoption of Accounting Standards Update No. 2016-09 ("ASU 2016-09") on January 1, 2018, stock-based compensation expense was recognized only for those options expected to vest. The Company estimated forfeitures based on historical rates of forfeitures of stock options adjusted to reflect future changes in facts and circumstances, if any, and revised its estimated forfeiture rate if actual forfeitures differed from initial estimates. Subsequent to the adoption, the Company accounts for forfeitures as they occur.

The Company also grants stock options to non-employee service providers. For these stock options, the Company believes the fair value of the stock option on the date of grant is more reliably measurable than the fair value of the services rendered. Therefore, the Company estimates the fair value of nonemployee stock options using the Black-Scholes valuation model with assumptions as discussed in Note 10. The estimated fair value of nonemployee stock options is remeasured over the vesting period as it is being earned, and the expense is recognized on a straight-line basis over the period during which services are rendered.

UPWORK INC.**Notes to Consolidated Financial Statements (Continued)****Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)*****Foreign Currency***

The functional currency of the Company and its subsidiaries is the U.S. dollar. Transactions with users denominated in currencies other than the U.S. dollar are remeasured at the exchange rate in effect on the date of the transaction. At the end of each reporting period, monetary assets and liabilities are remeasured using exchange rates in effect at the balance sheet date. Foreign currency transaction gains and losses are included in other (income) expense, net in the consolidated statements of operations. The Company recorded net foreign currency transaction losses of \$0.5 million during the year ended December 31, 2016. Foreign currency transaction gains and losses for the year ended December 31, 2017 and for the six months ended June 30, 2017 (unaudited) were immaterial. The Company recorded net foreign currency transaction gains of \$0.5 million (unaudited) for the six months ended June 30, 2018.

Comprehensive Income (Loss)

Comprehensive income (loss) is equal to the net income (loss) for all periods presented. Accordingly, the consolidated statements of comprehensive income (loss) have been omitted from the consolidated financial statements.

Income Taxes

The Company accounts for income taxes in accordance with the liability method. Under the liability method, deferred assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases. The provision for income taxes is comprised of the current tax liability and the change in deferred tax assets and liabilities. The Company establishes a valuation allowance to the extent that it is more likely than not that deferred tax assets will not be recoverable against future taxable income.

Deferred tax assets and liabilities are measured using the enacted tax rates that will be in effect for the years in which those tax assets are expected to be realized or settled. The Company regularly assesses the likelihood that its deferred tax assets will be realized from recoverable income taxes or recovered from future taxable income based on the realization criteria set forth in the relevant authoritative guidance. To the extent the Company believes any amounts are not more likely than not to be realized, the Company records a valuation allowance to reduce its deferred tax assets. The realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. If the Company subsequently realizes or determines it is more likely than not that it will realize deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance would be reversed, resulting in an adjustment to earnings in the period such determination is made.

In addition, the calculation of tax liabilities involved dealing with uncertainties in the application of complex tax regulations. The Company recognizes potential liabilities based on its estimate of whether, and the extent to which, additional taxes will be due. The Company accounts for uncertain tax positions in accordance with the relevant guidance, which prescribes a recognition threshold and measurement approach for uncertain tax positions taken or expected to be taken in a company's income tax return, and also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The guidance utilizes a two-step approach for evaluation of uncertain tax positions. The first step, recognition, requires a company to determine if the weight of available evidence indicates a tax position is more likely than not to be sustained upon audit. The second step, measurement, is based on the largest amount of benefit, which is

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

more likely than not to be realized on ultimate settlement. A liability is reported for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. Any interest and penalties related to unrecognized tax benefits are recorded as income tax expense.

Net Loss Per Share Attributable to Common Stockholders

Net loss per share attributable to common stockholders, basic and diluted, is computed in conformity with the two-class method required for companies with participating securities. The Company considers all series of its redeemable convertible preferred stock to be participating securities as the holders of these shares have a non-forfeitable right to receive 8% per annum non-cumulative dividends, payable prior and in preference to any dividends on common stock. Under the two-class method, basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Net loss attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period shares of convertible preferred stock non-cumulative dividends, among common stockholders as the holders of participating securities do not have a contractual obligation to share in the Company's losses.

Basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during 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, redeemable convertible preferred stock, stock options to purchase common stock, the warrant to purchase common stock and the warrants to purchase redeemable convertible preferred stock are considered to be common stock equivalents but have been excluded from the calculation of diluted net loss per share as their impact is antidilutive for the periods presented.

Unaudited Pro Forma Net Loss Per Share Attributable to Common Stockholders

In contemplation of an IPO, the unaudited pro forma net loss per share attributable to common stockholders, basic and diluted, have been calculated assuming: (i) the automatic conversion of all series of the Company's outstanding redeemable convertible preferred stock (using the as-if converted method) into shares of common stock and (ii) the automatic conversion of the Company's outstanding redeemable convertible preferred stock warrants into warrants exercisable for common stock as though they had occurred at the beginning of the most recent period presented. As a result, the Company has removed the net loss from the remeasurement of the redeemable convertible preferred stock warrant liability to fair value from the numerator in the unaudited pro forma basic and diluted net loss per share calculation.

Unaudited Supplemental Pro Forma Net Loss Per Share Attributable to Common Stockholders

Supplemental pro forma net loss per share attributable to common stockholders, basic and diluted, have been calculated to give effect to the pro forma adjustments discussed above and to the number of additional shares that would have been required to be issued to repay approximately \$19.0 million of indebtedness under the Company's loan and security agreement at the beginning of the most recent period presented or on the original date of issuance, if later, assuming the issuance of such shares at an assumed IPO price of \$ per share, the midpoint of the price range set forth on the cover page of the Company's prospectus. The approximately \$19.0 million of indebtedness is comprised of approximately \$9.0 million under a term loan and \$10.0 million under a revolving line of credit (see Note 6). The numerator in the supplemental pro forma net loss per share, basic and diluted, calculation has been adjusted to include the pro forma adjustments discussed above and to reverse the

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

interest expense, net of tax, as though they had occurred at the beginning of the most recent period presented, on this indebtedness amount which is assumed to be repaid using a portion of the net proceeds from the IPO. The supplemental pro forma net loss per share does not include the proceeds to be received from the IPO, or shares expected to be sold in the IPO, except for those shares necessary to be issued to repay this indebtedness.

Recent Accounting Pronouncements Not Yet Adopted

As an “emerging growth company,” the Jumpstart Our Business Startups Act (“JOBS Act”) allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (“ASC 606”). ASC 606 supersedes the revenue recognition requirements in ASC 605, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASC 606 also includes Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers* (“Subtopic 340-40”) and together with ASC 606, the “new standard”), which requires the deferral of incremental costs of obtaining a contract with a customer. In August 2015, the FASB deferred the effective date for annual reporting periods beginning after December 15, 2017. In 2016 the FASB issued amendments on this guidance with the same effective date and transition guidance. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption.

The Company is required to adopt the new revenue standard for the year ending December 31, 2019. Interim reporting under ASC 606 will not be required until 2020. To date, the Company has established an implementation team and is in the process of evaluating the impact of the new standard on its accounting policies, processes, and system requirements. Furthermore, the Company has made and will continue to make investments in systems to enable timely and accurate reporting under the new standard.

The Company is continuing to evaluate adoption methods and the potential impact that the implementation of this standard will have on its consolidated financial statements, including the identification of performance obligations, evaluation of material right considerations, principal agent considerations, the timing of revenue recognition, and related disclosures, but has not yet determined whether the effects of adoption will be material to its consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, related to how an entity should recognize lease assets and lease liabilities. The guidance specifies that an entity that is a lessee under lease agreements should recognize lease assets and lease liabilities for those leases classified as operating leases under previous FASB guidance. Accounting for leases by lessors is largely unchanged under the new guidance. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In 2018, the FASB issued ASU No. 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842* in conjunction with ASU No. 2016-02 that a company may elect an optional transition practical expedient to not evaluate under Topic 842. The new standard becomes effective for the Company for the year ending on December 31, 2020 and requires a modified retrospective adoption, with early adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. ASU No. 2016-09 simplifies several aspects of

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new guidance becomes effective for the Company for the year ending December 31, 2018, with early adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payment*, to clarify how certain cash receipts and payments are presented and classified in the statement of cash flows. The new guidance becomes effective for the Company for the year ending December 31, 2019, though early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, that will require that the amounts generally described as restricted cash and restricted cash equivalents would be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. The new guidance also requires certain disclosures to supplement the statement of cash flows. The guidance becomes effective for the Company for the year ending on December 31, 2019, though early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Others (Topic 350): Simplifying the Test for Goodwill Impairment*. ASU No. 2017-04 eliminates Step 2 from the goodwill impairment test, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under ASU No. 2017-04, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of the reporting unit with its carrying amount and recognize an impairment loss for the amount by which the carrying amount exceeds the reporting unit's fair value, with the loss not exceeding the total amount of goodwill allocated to that reporting unit. The guidance becomes effective for the Company on a prospective basis for its annual or any interim goodwill impairment tests during the year ending on December 31, 2022, though early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which expands and refines hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. ASU No. 2017-12 is effective for the Company for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company has not yet evaluated the impact of this standard on its financial statements and related disclosures.

Recently Adopted Accounting Pronouncements (Unaudited)

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The Company adopted this standard as of January 1, 2018. ASU 2016-09 eliminates the requirement to delay the recognition of excess tax benefits until they reduce current taxes payable. Under this standard, previously unrecognized excess tax benefits shall be recognized on a modified retrospective basis. ASU No. 2016-09 also requires excess tax benefits and deficiencies to be recognized prospectively in the Company's provision for income taxes rather than additional paid-in

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 2—Basis of Presentation and Summary of Significant Accounting Policies (Continued)

capital. Additionally, the Company elected to account for forfeitures as they occur rather than estimate expected forfeiture using a modified retrospective transition method. Finally, ASU No. 2016-09 requires excess tax benefits to be presented as a component of operating cash flows rather than financing cash flows. The Company elected to adopt this requirement prospectively and accordingly, prior periods have not been adjusted. The adoption of this standard was immaterial to the consolidated financial statements as of and for the six months ended June 30, 2018 (unaudited) was not material.

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in the ASU. The Company adopted this standard as of January 1, 2018. The adoption of this standard had no impact on the Company's consolidated financial statements as of and for the six months ended June 30, 2018.

Note 3—Fair Value Measurements

The Company measures its redeemable convertible preferred stock warrant liability at fair value on a recurring basis. The Company defines fair value as the exchange price that would be received from sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance describes three levels of inputs that may be used to measure fair value:

- Level I—Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets;
- Level II—Observable inputs other than Level I prices, such as unadjusted quoted prices for similar assets or liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level III—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs are based on the Company's own assumptions used to measure assets and liabilities at fair value and require significant management judgment or estimation.

The categorization of a financial instrument within the fair value hierarchy is based upon the lowest level of input that is significant to its fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the assets or liability.

The Company's financial instruments that are carried at fair value consist of Level III liabilities. The Company's redeemable convertible preferred stock warrant liability is classified within Level III because the warrants are valued using a Black-Scholes valuation model, for which some inputs are unobservable in the market. The valuation methodology and underlying assumptions are discussed further in Note 8.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 3—Fair Value Measurements (Continued)

The following tables set forth the fair value of the Company’s financial liabilities measured at fair value on a recurring basis based on the three-tier fair value hierarchy (in thousands):

	December 31, 2016			Total
	Level I	Level II	Level III	
Financial Liabilities:				
Redeemable convertible preferred stock warrant liability	\$ —	\$ —	\$ 1,130	\$1,130
Total financial liabilities	\$ —	\$ —	\$ 1,130	\$1,130

	December 31, 2017			Total
	Level I	Level II	Level III	
Financial Liabilities:				
Redeemable convertible preferred stock warrant liability	\$ —	\$ —	\$ 1,104	\$1,104
Total financial liabilities	\$ —	\$ —	\$ 1,104	\$1,104

	June 30, 2018 (unaudited)			Total
	Level I	Level II	Level III	
Financial Liabilities:				
Redeemable convertible preferred stock warrant liability	\$ —	\$ —	\$ 1,463	\$1,463
Total financial liabilities	\$ —	\$ —	\$ 1,463	\$1,463

The following table sets forth a summary of the changes in the fair value of the redeemable convertible preferred stock warrant liability (in thousands):

Fair value at January 1, 2016	\$1,016
Change in fair value	114
Fair value at December 31, 2016	1,130
Change in fair value	118
Reclassification to redeemable convertible preferred stock due to warrant exercise	(144)
Fair value at December 31, 2017	1,104
Change in fair value (unaudited)	359
Fair value at June 30, 2018 (unaudited)	\$1,463

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 4—Balance Sheet Components

Property and Equipment, Net

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

	<u>December 31,</u>		<u>June 30,</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Computer equipment and software	\$ 5,038	\$ 5,385	\$ 5,146
Internal-use software and platform development costs	1,829	2,318	4,262
Leasehold improvements	1,738	2,189	2,976
Office furniture and fixtures	1,283	1,550	1,952
Total property and equipment	9,888	11,442	14,336
Less: Accumulated depreciation	(7,283)	(7,928)	(8,292)
Property and equipment, net	<u>\$ 2,605</u>	<u>\$ 3,514</u>	<u>\$ 6,044</u>

Depreciation expense related to property and equipment was \$1.8 million and \$1.5 million for the years ended December 31, 2016 and 2017, respectively.

Depreciation expense related to property and equipment was \$0.7 million (unaudited) and \$0.9 million (unaudited) for the six months ended June 30, 2017 and 2018, respectively.

The Company did not capitalize any internal-use software and platform development costs for the year ended December 31, 2016. The Company capitalized \$0.5 million and \$1.9 million (unaudited) of internal-use software and platform development costs for the year ended December 31, 2017 and for the six months ended June 30, 2018 (unaudited), respectively. Amortization expense related to internal-use software and platform development costs was \$1.0 million for the year ended December 31, 2016. There was no amortization expense for the year ended December 31, 2017 and for the six months ended June 30, 2018 (unaudited) related to the internal-use software and platform development costs that were capitalized in 2017 or for the six months ended June 30, 2018 (unaudited) as the underlying assets had not been placed in service as of December 31, 2017 and June 30, 2018 (unaudited).

Intangible Assets, Net

The Company's identifiable intangible assets were acquired in March 2014 from the Elance-oDesk Combination. Intangible assets, net consisted of the following (in thousands):

	<u>December 31, 2016</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Trade names	\$ 2,293	\$ 2,293	\$ —
User relationships	18,678	7,338	11,340
Developed technology	10,356	10,356	—
Domain names	529	470	59
Total	<u>\$31,856</u>	<u>\$ 20,457</u>	<u>\$ 11,399</u>

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 4—Balance Sheet Components (Continued)

	December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade names	\$ 2,293	\$ 2,293	\$ —
User relationships	18,678	10,006	8,672
Developed technology	10,356	10,356	—
Domain names	529	529	—
Total	<u>\$31,856</u>	<u>\$ 23,184</u>	<u>\$ 8,672</u>
	June 30, 2018		
	Gross Carrying Amount	Accumulated Amortization (unaudited)	Net Carrying Amount
Trade names	\$ 2,293	\$ 2,293	\$ —
User relationships	18,678	11,340	7,338
Developed technology	10,356	10,356	—
Domain names	529	529	—
Total	<u>\$31,856</u>	<u>\$ 24,518</u>	<u>\$ 7,338</u>

Total amortization expense of intangible assets was \$5.7 million and \$2.7 million for the years ended December 31, 2016 and 2017, respectively, of which \$2.9 million and \$0 was included in cost of revenue related to developed technology and trade names for the years ended December 31, 2016 and 2017, respectively. The remaining carrying amount of \$2.6 million for developed technology was accelerated in 2016 when the Elance platform was decommissioned. Amortization for the user relationships of \$2.7 million was included in general and administrative expenses in each of the years ended December 31, 2016 and 2017, respectively. As of December 31, 2017, the remaining useful life for user relationships was 3.3 years.

Total amortization expense of intangible assets was \$1.4 million (unaudited) and \$1.3 million (unaudited) for the six months ended June 30, 2017 and 2018, respectively, and the expense was included in general and administrative expenses. As of June 30, 2018, the remaining useful life for user relationships was 2.8 years (unaudited).

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 4—Balance Sheet Components (Continued)

The estimated future amortization expense for the acquired intangible assets is as follows (in thousands):

	<u>December 31, 2017</u>
2018	\$ 2,671
2019	2,668
2020	2,668
2021	665
Total	<u>\$ 8,672</u>

	<u>June 30, 2018 (unaudited)</u>
Remainder of 2018	\$ 1,337
2019	2,668
2020	2,668
2121	665
Total	<u>\$ 7,338</u>

Accrued Expenses and Other Current Liabilities

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

	<u>December 31,</u>		<u>June 30, 2018 (unaudited)</u>
	<u>2016</u>	<u>2017</u>	
Accrued compensation and related benefits	\$ 3,630	\$ 8,399	\$ 5,217
Accrued freelancer costs	10,943	134	20,912
Accrued indirect taxes	1,761	1,861	1,728
Accrued vendor expenses	2,034	4,198	4,301
Accrued payment processing fees	1,337	593	640
Accrued legal settlement	1,095	—	—
Other	824	845	1,060
Total accrued expenses and other current liabilities	<u>\$ 21,624</u>	<u>\$ 16,030</u>	<u>\$ 33,858</u>

Note 5—Commitments and Contingencies

Operating Leases

The Company leases office space under three non-cancelable operating lease agreements, which expire from 2019 through 2020. The terms of the office leases contain rent escalation clauses, rent holidays, or tenant improvement allowances. The Company recognizes rent expense on a straight-line basis over the non-cancelable lease term and records the difference between cash payments and the recognition of rent expense as a deferred rent liability. Where leases contain escalation clauses, rent holidays, or tenant improvement allowances, the

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 5—Commitments and Contingencies (Continued)

Company applies them in the determination of straight-line rent expense over the lease term. In September 2015, the Company entered into an agreement to sublease a portion of its office space in San Francisco and recognized sublease income of \$0.9 million in each of the years ended December 31, 2016 and 2017, respectively, and \$0.5 million (unaudited) in the six months ended June 30, 2017. The sublease agreement was terminated in November 2017.

Future aggregate minimum lease payments under the non-cancelable operating leases were as follows (in thousands):

	December 31, 2017
2018	\$ 3,892
2019	2,074
2020	354
Total minimum lease payments	<u>\$ 6,320</u>
	June 30, 2018 (unaudited)
Remainder of 2018	\$ 2,061
2019	2,074
2020	354
Total minimum lease payments	<u>\$ 4,489</u>

Rent expense was \$3.6 million and \$3.7 million for the years ended December 31, 2016 and 2017, respectively. Rent expense was \$1.9 million (unaudited) for each of the six months ended June 30, 2017 and 2018, respectively.

Letters of Credit

As of December 31, 2016, December 31, 2017 and June 30, 2018 (unaudited), in conjunction with the operating lease agreements, the Company had two irrevocable letters of credit outstanding in the aggregate amount of \$0.8 million. The letters of credit are collateralized by restricted cash in the same amount and expire in 2019. No amounts have been drawn against these letters of credit as of December 31, 2016 and 2017 and June 30, 2018 (unaudited).

Contingencies

The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. From time to time in the normal course of business, various claims and litigation have been asserted or commenced. Due to uncertainties inherent in litigation and other claims the Company can give no assurance that it will prevail in any such matters, which could subject the Company to significant liability or damages. Any claims or litigation could have an adverse effect on the Company's business, financial position, results of operations or cash flows in or following the period that claims or litigation are resolved.

On February 8, 2016, a company filed suit against the Company alleging that the Company's trademark "Upwork" infringed on the plaintiff's prior mark. The plaintiff further alleged that the Company had wrongfully

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 5—Commitments and Contingencies (Continued)

profited from and harmed it by the use of “Upwork” to market the Company since the Company began using the name in May 2015. The Company filed counterclaims alleging the plaintiff infringed its rights in other jurisdictions. The Company accrued \$1.1 million for settlement costs as of December 31, 2016 and settled the lawsuit in April 2017.

As of December 31, 2016, December 31, 2017, and June 30, 2018 (unaudited), the Company was not a party to any material legal proceedings or claims, nor is the Company aware of any pending or threatened litigation or claims that could have a material adverse effect on its business, operating results, cash flows, or financial condition. Accordingly, the Company has determined that the existence of a material loss as of this date is neither probable nor reasonably possible.

Indemnification

The Company has indemnification agreements with its officers, directors, and certain key employees to indemnify them while they are serving in good faith in their respective positions. 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 vendors and other parties, including, but not limited to, losses arising out of the Company’s breach of such agreements. In addition, subject to the terms of the applicable agreement, as part of the Company’s Upwork Enterprise offering, the Company indemnifies clients that subscribe to worker classification services for losses arising from worker misclassification and intellectual property claims made by third parties relating to the use of the Company’s platform. It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company’s limited history of prior indemnification claims and the facts and circumstances involved in each particular provision.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 6—Debt

The following table presents the carrying value of the Company’s debt (in thousands):

	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>June 30, 2018</u> (unaudited)
Facility A—Term loan: carried interest at Prime plus 1.25% per annum with 4.5% cap; accrued interest was due monthly	\$ 14,000	\$ —	\$ —
Facility A—Line of credit: carried interest at Prime plus 1.25% per annum with 4.5% cap; accrued interest was due monthly	3,000	—	—
Facility B—Initial term loan: 18 months of interest-only payments ending in March 2019 followed by 36 equal monthly installments of principal plus interest, maturing March 2022; interest at Prime plus 0.25% per annum	—	15,000	15,000
Facility B—Second term loan: 11 months of interest-only payments ending in October 2018 followed by 47 equal monthly installments of principal plus interest, maturing September 2022. If, however, the Company achieves trailing six-month EBITDA of \$1.0 million for the period ending September 2018, the interest-only repayment period would be extended to March 2019, followed by 42 equal monthly installments of principal plus interest; bears interest at Prime plus 5.25% per annum.	—	9,000	9,000
Facility B—Line of credit: interest at Prime with accrued interest due monthly; matures March 2020	—	10,000	10,000
Total debt	\$ 17,000	\$ 34,000	\$ 34,000
Less: Unamortized debt discount issuance costs	(38)	(167)	(116)
Balance	\$ 16,962	\$ 33,833	\$ 33,884
Debt, current	(2,992)	(10,342)	(12,764)
Debt, noncurrent	\$ 13,970	\$ 23,491	\$ 21,120
Weighted-average interest rate	5.06%	5.93%	6.42%

In connection with the Elance-oDesk Combination, the Company assumed a note payable obligation of Elance. In January 2016, the entire note obligation, consisting of \$12.0 million in principal and accrued payment-in-kind interest of \$0.6 million, was extinguished and paid in full with the net proceeds from a \$14.0 million term loan issued in January 2016, as discussed below. The Company also paid a \$0.3 million prepayment fee related to the extinguishment, which was recorded in other (income) expense, net, during the year ended December 31, 2016.

In January 2016, the Company entered into a Loan and Security Agreement (“2016 Agreement”), which was subsequently amended in September 2016. The 2016 Agreement consisted of a term loan of \$14.0 million and a \$6.0 million revolving line of credit, for an aggregate facility amount of \$20.0 million (“Facility A”). The debt

UPWORK INC.**Notes to Consolidated Financial Statements (Continued)****Note 6—Debt (Continued)**

issuance costs associated with the term loan was immaterial. In March 2016, the Company drew revolving loan borrowings of \$3.0 million under this facility and repaid the amount in May 2017. In September 2017, the term loan of \$14.0 million was extinguished and paid in full with the net proceeds of the \$15.0 million term loan received in September 2017, as discussed below.

In September 2017, the Company entered into a Loan and Security Agreement (the “2017 Agreement”), which was subsequently amended in November 2017. The 2017 Agreement consisted initially of a term loan of \$15.0 million and a \$15.0 million revolving line of credit based on eligible trade and client accounts receivable, for an aggregate facility amount of \$30.0 million. However, upon the Company achieving adjusted net revenue of at least \$49.0 million in a trailing three-month period on or before June 30, 2018 (unaudited), the revolving line of credit increased to \$25.0 million with a corresponding increase to the aggregate facility amount to \$40.0 million. The 2017 Agreement was amended to include a second term loan of \$9.0 million, which, in turn, increased the aggregate maximum amount of the facility of up to \$49.0 million (as amended, “Facility B”). The Company incurred debt issuance costs of \$0.2 million, which was primarily classified as a deduction to the long-term portion of the term loan. In November 2017, the Company drew revolving loan borrowings of \$10.0 million and term loan borrowings of \$9.0 million. In addition, the Company has granted its lender first-priority liens against substantially all of its assets, as collateral, excluding the Company’s intellectual property (but including proceeds therefrom) and the funds and assets held by the Company’s subsidiary, Upwork Escrow Inc. The Company has also agreed to a negative pledge on its intellectual property. The 2017 Agreement is also subject to the Company maintaining an adjusted quick ratio of 1.30 and achieving minimum EBITDA levels over trailing periods ranging from three to twelve months. The 2017 Agreement also includes a restrictive covenant on dividend payments other than dividends paid solely in common stock. The Company used \$19.0 million of its borrowings to repurchase shares of its redeemable convertible preferred stock in 2017 (see Note 7).

The amortization expense related to the debt discount was immaterial for the years ended December 31, 2016 and 2017 and the six months ended June 30, 2018 (unaudited). The Company was in compliance with all financial-related covenants under its loan agreements as of December 31, 2016 and 2017 and June 30, 2018 (unaudited).

Future maturities of principal payments, excluding potential early payments, as of December 31, 2017 were expected to be as follows (in thousands):

Year Ending December 31,	
2018	\$10,383
2019	6,048
2020	7,298
2021	7,298
2022	2,973
Total	<u>\$34,000</u>

There were no changes to the future maturities of principal payments as of June 30, 2018 (unaudited) as compared to December 31, 2017.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 7—Redeemable Convertible Preferred Stock

Redeemable convertible preferred stock as of December 31, 2016, December 31, 2017 and June 30, 2018 consisted of the following (in thousands, except share data):

	December 31, 2016			
	Shares Authorized	Shares Issued and Outstanding	Net Carrying Value	Aggregate Liquidation Preference
Series A-1	10,141,345	9,990,839	\$ 78,762	\$ 99,908
Series A-2	60,000,000	50,219,608	70,186	5
Series B-1	5,854,982	5,108,922	29,013	29,172
Series B-2	145,018	145,018	824	828
Total redeemable convertible preferred stock	<u>76,141,345</u>	<u>65,464,387</u>	<u>\$178,785</u>	<u>\$ 129,913</u>

	December 31, 2017			
	Shares Authorized	Shares Issued and Outstanding	Net Carrying Value	Aggregate Liquidation Preference
Series A-1	10,141,345	9,142,770	\$ 72,181	\$ 91,427
Series A-2	60,000,000	47,124,931	65,853	5
Series B-1	5,854,982	4,866,360	27,628	27,787
Series B-2	145,018	145,018	824	828
Total redeemable convertible preferred stock	<u>76,141,345</u>	<u>61,279,079</u>	<u>\$166,486</u>	<u>\$ 120,047</u>

	June 30, 2018			
	Shares Authorized	Shares Issued and Outstanding	Net Carrying Value	Aggregate Liquidation Preference
Series A-1	10,141,345	9,142,770	\$ 72,181	\$ 91,427
Series A-2	60,000,000	47,124,931	65,853	5
Series B-1	5,854,982	4,866,360	27,628	27,787
Series B-2	145,018	145,018	824	828
Total redeemable convertible preferred stock	<u>76,141,345</u>	<u>61,279,079</u>	<u>\$166,486</u>	<u>\$ 120,047</u>

Shares of redeemable convertible preferred stock are not mandatorily or currently redeemable. However, a liquidation or winding up of the Company, a greater than 50% change in control, or a sale of substantially all of the Company's assets would constitute a redemption event that is outside of the Company's control. As such, all shares of redeemable convertible preferred stock have been presented outside of permanent equity. The Company has not adjusted the carrying values of the redeemable convertible preferred stock to the deemed liquidation values of such shares since a liquidation event was not probable at any of the balance sheet dates. Subsequent adjustments to increase or decrease the carrying values to the ultimate liquidation values will be made only if and when it becomes probable that such a liquidation event will occur.

As a result of the Elance-oDesk Combination, holders of preferred stock of Elance, Inc. and holders of preferred stock of oDesk Corporation each received as consideration for such shares a combination of shares of

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 7—Redeemable Convertible Preferred Stock (Continued)

Series A-1 and Series A-2 redeemable convertible preferred stock. As a result, no stockholder holds shares of Series A-1 redeemable convertible preferred stock without also holding shares of Series A-2 redeemable convertible preferred stock, nor does any stockholder hold shares of Series A-2 redeemable convertible preferred stock without also holding shares of Series A-1 redeemable convertible preferred stock. The rights, privileges, and preferences of the Series A-1, Series A-2, Series B-1, and Series B-2 redeemable convertible preferred stock (“Preferred Stock”) are as follows:

Dividends

Holders of the Series A-1, Series A-2, Series B-1, and Series B-2 redeemable convertible preferred stock are each entitled to non-cumulative dividends of \$0.80, \$0.000008, \$0.4568, and \$0.4568 per share, respectively. Dividends on the Preferred Stock are payable only when, and if, declared by the board of directors. No dividends on the Preferred Stock have been declared by the Company’s board of directors or paid as of December 31, 2016 or 2017 or June 30, 2018 (unaudited).

Voting Rights

The holders of each share of Preferred Stock are entitled to the number of votes equal to the number of shares of common stock into which their respective shares are convertible, provided, however, that the holders of Series B-2 redeemable convertible preferred stock, or common stock issued upon conversion thereof, are not entitled to cast votes in connection with the election of members of the board of directors. The holders of Preferred Stock have certain protective provisions so long as an aggregate of 15.1 million shares of Preferred Stock are outstanding. Under these provisions, the Company cannot, without the approval of greater than 50% of the then-outstanding shares of Preferred Stock (i) alter or change the rights, powers, or preferences of the Preferred Stock set forth in the Company’s certificate of incorporation or bylaws, (ii) authorize or create any new class of stock having rights, powers or preferences that are senior to or on parity with any series of Preferred Stock, or obligate itself to authorize or create any security convertible into or exercisable for such class of stock, (iii) redeem or repurchase any shares of common stock or Preferred Stock (other than shares subject to the Company’s right of repurchase, through the exercise of any right of first refusal, or otherwise approved by the board of directors), (iv) declare or pay a dividend or otherwise make a distribution to holders of Preferred Stock or common stock (other than a dividend on the common stock payable solely in shares of common stock or a repurchase approved by the board of directors), (v) voluntarily liquidate, dissolve, or wind-up the business or effect a deemed liquidation event (as defined in the certificate of incorporation), or (vi) increase or decrease the authorized number of directors constituting the board of directors.

In addition, so long as any shares of any series of Preferred Stock are outstanding, the Company cannot, without the approval of greater than 50% of the then-outstanding shares of such series of Preferred Stock, alter or change the rights, powers, or preferences of such series of Preferred Stock set forth in the Company’s certificate of incorporation or bylaws in a way that adversely affects such series of Preferred Stock in a manner different from other series of Preferred Stock (other than (a) the authorization, creation, or issuance of any new class or series of capital stock having rights, powers, or preferences that are senior to, on parity with, or junior to any series of Preferred Stock and (b) an amendment or other change of the rights, powers, or preferences of any series of preferred stock that is proportional to the amendments or other changes similarly made to other series of Preferred Stock that have a similar right, power, or preference).

Conversion

The holders of each share of Preferred Stock have the option to convert each share of Preferred Stock at any time into a number of shares of common stock determined by dividing the original issue price per share by the

UPWORK INC.**Notes to Consolidated Financial Statements (Continued)****Note 7—Redeemable Convertible Preferred Stock (Continued)**

then-current conversion price for such series. The original issue prices per share for the Series A-1, Series A-2, Series B-1, and Series B-2 redeemable convertible preferred stock are \$10.00, \$0.0001, \$5.71, and \$5.71, respectively, and, subject to adjustments for certain dilutive issuances, splits, and combinations, and other recapitalizations or reorganizations, the conversion price for each series of Preferred Stock is currently equal to the original issue price for such series. In the event that any holder of Series A-1 or Series A-2 redeemable convertible preferred stock elects to voluntarily convert shares of such Preferred Stock into shares of common stock, the election is deemed to be an election of such holder to convert shares of Series A-1 and Series A-2 redeemable convertible preferred stock held by such holder into shares of common stock at the same ratio and in the same proportions. In addition, the Preferred Stock will automatically be converted into common stock upon the earlier of (i) the written consent of the holders of at least a majority of the then-outstanding shares of Preferred Stock, voting together as a single class on an as-converted basis or (ii) an IPO that results in aggregate gross proceeds to the Company of at least \$50.0 million. As of December 31, 2017 and June 30, 2018 (unaudited), the conversion ratio was 1:1 for each series of Preferred Stock.

Liquidation Preference

In the event of liquidation, dissolution, or winding up or any deemed liquidation event of the Company, the holders of Preferred Stock are entitled to receive the greater of (i) their full preferential amounts plus any declared but unpaid dividends and (ii) such amount per share as would have been payable had all shares of such series of Preferred Stock been converted into common stock, prior to any distribution to the holders of common stock. If the assets available for distribution are insufficient to pay such amounts, then the entire assets available for distribution will be distributed ratably among the holders of Preferred Stock in proportion to the full amount each holder is otherwise entitled to receive. After payment to the holders of Preferred Stock of their full preferential amounts specified above, the Company's remaining assets available for distribution to stockholders will be distributed among the holders of common stock pro rata based upon the number of shares of common stock held by each holder. The preferential amounts per share of the Series A-1, Series A-2, Series B-1, and Series B-2 redeemable convertible preferred stock were \$10.00, \$0.0001, \$5.71, and \$5.71, respectively, as of December 31, 2017 and June 30, 2018 (unaudited).

A deemed liquidation event will be deemed to have occurred upon (a) a merger or consolidation of the Company into another entity (except where the merger or combination results in the holders of the Company's capital stock prior to the merger or consolidation continuing to hold at least 50% of the voting power of the surviving or acquiring entity) or (b) a sale, lease, transfer, exclusive license, or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the Company's assets (or in the case of an exclusive license, of all or substantially all of the Company's intellectual property). The holders of Preferred Stock can waive the treatment of any transaction as a deemed liquidation event by a vote of the holders of a majority of the then-outstanding shares of Preferred Stock.

Redemption

The holders of Preferred Stock have no voluntary rights to redeem shares.

Repurchase of Redeemable Convertible Preferred Stock in Connection with Secondary Market Transaction

In November 2017, the Company's board of directors approved the repurchase of 874,069 shares of Series A-1 redeemable convertible preferred stock, 3,151,858 shares of Series A-2 redeemable convertible preferred stock, and 242,562 shares of Series B-1 redeemable convertible preferred stock, from one stockholder at the purchase price of \$4.50 per share, for a total consideration of \$19.2 million, which exceeded the carrying

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 7—Redeemable Convertible Preferred Stock (Continued)

value of \$12.7 million on the date of repurchase. The redeemable convertible preferred stock repurchased was retired immediately thereafter. The repurchase price in excess of the carrying value of redeemable convertible preferred stock of \$6.5 million was recorded as a reduction to additional paid-in capital, while the carrying value of the shares repurchased was recorded as a reduction to redeemable convertible preferred stock. For the computation of earnings per share for the year ended December 31, 2017, the repurchase price in excess of the carrying value of the redeemable convertible preferred stock of \$6.5 million is reflected as an increase to net income (loss) attributable to common stockholders (see Note 11).

Note 8—Preferred and Common Stock Warrants

Redeemable Convertible Preferred Stock Warrants

As a result of the Elance-oDesk Combination, a redeemable convertible preferred stock warrant that was originally issued by Elance prior to the Elance-oDesk Combination became exercisable to purchase up to 26,000 and 57,181 shares of the Company’s Series A-1 and Series A-2 redeemable convertible preferred stock, respectively, at an exercise price of \$3.13 per share. As of December 31, 2016, the warrant was outstanding and exercisable. In June 2017, the warrant was exercised for cash.

Further, as a result of the Elance-oDesk Combination, another redeemable convertible preferred stock warrant that was originally issued by Elance prior to the Elance-oDesk Combination became exercisable to purchase up to 124,506 and 273,825 shares of the Company’s Series A-1 and Series A-2 redeemable convertible preferred stock, respectively, at an exercise price of \$3.13 per share. The warrant was outstanding and exercisable as of December 31, 2016 and 2017 and June 30, 2018 (unaudited).

The Company estimated the fair value of each redeemable convertible preferred stock warrant using the Black-Scholes valuation model. The redeemable convertible preferred stock liability, included in other noncurrent liabilities, was \$1.1 million as of December 31, 2016 and 2017, and \$1.5 million (unaudited) as of June 30, 2018. The following assumptions were used to calculate the fair value of the then-outstanding warrants as of December 31, 2016 and 2017 and June 30, 2018 (unaudited):

	December 31,		June 30,
	2016	2017	2018 (unaudited)
Dividend yield	0%	0%	0%
Expected term (in years)	0.50-3.75	2.75	2.25
Risk-free interest rates	1.0%-1.6%	1.8%	2.5%
Expected volatility	34.8%-39.2%	34.6%	38.4%

Common Stock Warrant

As a result of the Elance-oDesk Combination, a common stock warrant that was originally issued by oDesk prior to the Elance-oDesk Combination became exercisable to purchase up to 45,286 shares of common stock at an exercise price of \$0.06 per share. The warrant was outstanding and exercisable as of December 31, 2016 and 2017 with the fair value of the warrant reflected in additional paid-in capital in the consolidated balance sheets. In May 2018, the Company issued 45,286 shares of common stock upon the exercise of this common stock warrant.

In April 2018, the Company established The Upwork Foundation initiative. The program will include a donor-advised fund created through the Tides Foundation. In May 2018, the Company issued a warrant to purchase 500,000 shares of its common stock at an exercise price of \$0.01 per share to the Tides Foundation. The vesting and exercisability provisions of the warrant are contingent upon an IPO.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 8—Preferred and Common Stock Warrants (Continued)

This warrant is exercisable as to 1/10th of the shares on each anniversary of the IPO, with proceeds from the sale of such shares to be donated in accordance with the Company’s directive. There has been no effect (unaudited) on the Company’s consolidated financial statements as of and for the six months ended June 30, 2018.

Note 9—Common Stock

Holders of common stock are entitled to one vote per share and are entitled to dividends on a pro rata basis with the holders of redeemable convertible preferred stock whenever funds are legally available and when, as, and if declared by the Company’s board of directors, subject to the rights of the holders of the Company’s redeemable convertible preferred stock.

As of December 31, 2016 and 2017, and June 30, 2018 (unaudited), the Company was authorized to issue 150,000,000 shares of common stock. As of December 31, 2017 and June 30, 2018 (unaudited), the Company had reserved shares of common stock, on an as-converted basis, for future issuance as follows:

	December 31, 2017	June 30, 2018
Options issued and outstanding	23,607,746	22,932,222 (unaudited)
Warrant to purchase redeemable convertible preferred stock	398,331	398,331
Warrant to purchase common stock	45,286	500,000
Conversion of redeemable convertible preferred stock	61,279,079	61,279,079
Remaining shares reserved for future issuances under 2014 Plan	3,962,024	2,543,154
Total	<u>89,292,466</u>	<u>87,652,786</u>

Note 10—Stock-Based Compensation

Assumed Awards

In connection with the Elance-oDesk Combination, the Company assumed substantially all stock options outstanding under the Elance 1999 Stock Option Plan (the “Elance 1999 Plan”) and the Elance 2009 Stock Option Plan (the “Elance 2009 Plan”). Such assumed options were converted into options to purchase the Company’s common stock. In addition, all stock options outstanding under the oDesk Corporation 2004 Stock Plan (the “oDesk Plan”) were converted into options to purchase shares of the Company’s common stock, with the number of shares that could be purchased under each option reduced by approximately 16.14%. The exercise price of all options was simultaneously increased such that the then-aggregate exercise price payable by holders did not change. These options generally vest over a four-year period from the original date of grant and expire ten years from the original grant date.

2014 Stock Option Plan

In March 2014, the Company’s board of directors and, in June 2014, the Company’s stockholders approved the 2014 Equity Incentive Plan (the “2014 EIP”). The total number of shares of common stock reserved and available for grant and issuance pursuant to such plan was originally 12,462,985 plus (i) shares that were then subject to outstanding option grants under the oDesk Plan, the Elance 1999 Plan, and the Elance 2009 Plan (collectively, the “Prior Plans”) but subsequently ceased to be subject to an award for any reason other than exercise of a stock option, (ii) shares that had been reserved but not subject to any outstanding awards under the Prior Plans and (iii) shares issued under the Prior Plans that were repurchased, forfeited, or used to pay employee

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 10—Stock-Based Compensation (Continued)

withholding or exercise price obligations. The number of shares available for grant under the 2014 EIP was increased by 3,001,091 shares and 4,500,000 shares in August 2014 and October 2017, respectively. Under the terms of the 2014 EIP, incentive stock options may be granted at prices not less than 100% of the fair value of the Company's common stock on the date of grant unless determined in writing by the Company's board of directors. The options granted under the 2014 EIP generally vest over a four-year period from the original date of grant and expire ten years from the original grant date.

The following table summarizes activity under the Company's stock option plans:

	Options Outstanding				
	<u>Shares Available for Grant</u>	<u>Number of Shares Underlying Outstanding Options</u>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value</u> <small>(in thousands)</small>
Balances at January 1, 2016	4,193,938	20,710,510	\$ 2.79	8.28	\$ 8,634
Granted	(2,624,450)	2,624,450	3.20		
Exercised	—	(272,591)	0.99		
Forfeited and cancelled	2,132,867	(2,132,867)	2.93		
Balances at December 31, 2016	3,702,355	20,929,502	2.85	7.58	11,149
Authorized	4,500,000	—			
Granted	(5,803,596)	5,803,596	3.58		
Issuance of common stock to consultants	(7,143)	—			
Exercised	—	(1,554,944)	1.64		
Forfeited and cancelled	1,570,408	(1,570,408)	2.98		
Balances at December 31, 2017	3,962,024	23,607,746	3.10	7.39	22,260
Vested and exercisable as of December 31, 2017		12,438,113	2.83	6.40	15,067
Vested and expected to vest as of December 31, 2017		21,958,118	3.14	7.43	19,773
Granted (unaudited)	(1,775,400)	1,775,400	4.43		
Exercised (unaudited)	—	(2,094,394)	2.04		
Forfeited and cancelled (unaudited)	356,530	(356,530)	3.52		
Balances at June 30, 2018 (unaudited)	2,543,154	22,932,222	3.29	7.27	76,129
Vested and exercisable as of June 30, 2018 (unaudited)		12,397,563	3.03	6.31	44,334
Vested and expected to vest as of June 30, 2018 (unaudited)		22,932,222	3.29	7.27	76,129

Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of the Company's common stock as determined by its board of directors. The intrinsic value of options exercised was \$0.6 million and \$2.9 million for the years ended December 31, 2016 and 2017, respectively, and \$2.3 million (unaudited) and \$5.9 million (unaudited) for the six months ended June 30, 2017 and 2018, respectively.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 10—Stock-Based Compensation (Continued)

The weighted-average grant-date fair value of options granted was \$1.41 and \$1.54 for the years ended December 31, 2016 and 2017, respectively, and \$1.45 (unaudited) and \$1.87 (unaudited) for the six months ended June 30, 2017 and 2018, respectively. As of December 31, 2017, total unrecognized stock-based compensation cost, net of estimated forfeitures, was \$14.7 million, which is expected to be recognized on a straight-line basis over a weighted-average period of 3.0 years. As of June 30, 2018, total unrecognized stock-based compensation cost was \$15.8 million (unaudited), which is expected to be recognized on a straight-line basis over a weighted-average period of 2.9 years (unaudited).

Stock-Based Compensation

The following table summarizes the components of employee stock-based compensation expense recognized in the consolidated statements of operations (in thousands):

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
			(unaudited)	
Cost of revenue	\$ 193	\$ 290	\$ 193	\$ 105
Research and development	1,820	1,797	839	1,088
Sales and marketing	1,052	1,299	655	671
General and administrative	4,201	3,460	1,604	1,817
Total stock-based compensation	<u>\$ 7,266</u>	<u>\$ 6,846</u>	<u>\$3,291</u>	<u>\$3,681</u>

Included in stock-based compensation expense for the year ended December 31, 2016 and 2017 was \$6.8 million and \$6.4 million, respectively, related to stock option grants, and \$0.5 million and \$0.4 million, respectively, related to secondary market transactions between employees or former employees and third parties in excess of fair value. Included in stock-based compensation expense for the six months ended June 30, 2017 and 2018 was \$3.1 million (unaudited) and \$3.7 million (unaudited), respectively, related to stock option grants and \$0.2 million (unaudited) for the six months ended June 30, 2017 related to secondary market transactions between employees or former employees and third parties in excess of fair value. There was an immaterial secondary transaction between an employee or former employee and third parties during the six months ended June 30, 2018 (unaudited). No stock-based compensation expense was capitalized to internal-use software and platform development costs for the year ended December 31, 2016. The amount of stock-based compensation capitalized to internal-use software and platform development costs for the year ended December 31, 2017 and for the six months ended June 30, 2018 (unaudited) was immaterial.

Determination of Fair Value

The fair value of stock options granted to employees is estimated on the grant date using the Black-Scholes valuation model with the following assumptions:

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
			(unaudited)	
Dividend yield	0%	0%	0%	0%
Expected term (in years)	6.08	5.3-6.3	5.9-10	5.2-6.27
Risk-free interest rate	1.2%-2.1%	1.9%-2.2%	1.9%-2.7%	2.5%-2.9%
Expected volatility	42%-45%	39%-43%	42-48%	38%-40%

Dividend Yield—The dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to do so.

UPWORK INC.**Notes to Consolidated Financial Statements (Continued)****Note 10—Stock-Based Compensation (Continued)**

Expected Term—The expected term represents the period that the Company's stock-based awards are expected to be outstanding. The Company determines the expected term for all awards using the simplified method as the Company did not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

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 to the option's expected term.

Expected Volatility—Since the Company does not have a trading history of its common stock, the expected volatility is derived from the average historical stock volatilities of several unrelated public companies within the Company's industry that the Company considers to be comparable to its business over a period equivalent to the expected term of the stock option grants.

Fair Value of Common Stock—Given the absence of a public trading market, the Company's board of directors considers numerous objective and subjective factors to determine the fair value of its common stock at each grant date. These factors include, but are not limited to: (i) independent contemporaneous third-party valuations of common stock; (ii) the prices for the Company's redeemable convertible preferred stock sold to outside investors; (iii) the rights and preferences of redeemable convertible preferred stock relative to common stock; (iv) the lack of marketability of its common stock; (v) developments in the business; and (vi) the likelihood of achieving a liquidity event, such as an IPO or sale of the Company, given prevailing market conditions.

Stock-Based Compensation to Non-Employees

The Company granted options to purchase 8,000 and 8,500 shares of the Company's common stock to consultants in conjunction with services performed for the years ended December 31, 2016 and 2017, respectively. Stock-based compensation expense related to non-employees was \$0.2 million and \$0.1 million for the years ended December 31, 2016 and 2017, respectively. Stock-based compensation expense related to non-employees was immaterial (unaudited) for the six months ended June 30, 2017 and 2018.

Secondary Market Transactions

Certain common stockholders (who were employees or former employees of the Company) sold the Company's common stock in secondary market transactions to third parties in 2016 and 2017. They sold an aggregate of 324,826 shares of common stock for \$1.6 million at an average price of \$4.93 per share for the year ended December 31, 2016. They sold an aggregate of 488,484 shares of common stock for \$2.3 million at an average price of \$4.72 per share for the year ended December 31, 2017. For the six months ended June 30, 2017, an aggregate of 195,000 shares (unaudited) of common stock were sold for \$0.9 million (unaudited) at an average price of \$4.50 per share (unaudited). The incremental value between the sale price and the fair value of the common stock at each date of sale resulted in aggregate stock-based compensation expense of \$0.5 million, \$0.4 million, and \$0.2 million (unaudited) for the years ended December 31, 2016 and 2017, and six months ended June 30, 2017, respectively. There was an immaterial secondary market transaction during the six months ended June 30, 2018 (unaudited).

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 11—Net Loss Per Share Attributable to Common Stockholders

The following table sets forth the computation of the Company's basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share data):

	<u>Year Ended December 31,</u>		<u>Six Months Ended June 30,</u>	
	2016	2017	2017	2018
	(unaudited)			
Numerator:				
Net income (loss)	\$ (16,233)	\$ (4,123)	\$ 1,369	\$ (7,196)
Less: Premium on repurchase of redeemable convertible preferred stock	—	(6,506)	—	—
Less: Undistributed earnings allocable to preferred stockholders	—	—	(1,369)	—
Net loss attributable to common stockholders	<u>\$ (16,233)</u>	<u>\$ (10,629)</u>	<u>\$ —</u>	<u>\$ (7,196)</u>
Denominator:				
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	<u>32,071,604</u>	<u>32,944,714</u>	<u>32,486,660</u>	<u>34,651,331</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.51)</u>	<u>\$ (0.32)</u>	<u>\$ —</u>	<u>\$ (0.21)</u>

The following potentially dilutive shares were excluded from the computation of diluted net loss per share attributable to common stockholders as of December 31, 2016 and 2017 and June 30, 2017 and 2018 because including them would have been anti-dilutive:

	<u>December 31,</u>		<u>June 30,</u>	
	2016	2017	2017	2018
	(unaudited)			
Options to purchase common stock	20,929,502	23,607,746	20,212,796	22,932,222
Common stock issuable upon conversion of redeemable convertible preferred stock	65,464,387	61,279,079	65,547,568	61,279,079
Common stock issuable upon exercise of common stock warrant	45,286	45,286	45,286	500,000
Common stock issuable upon exercise and redeemable conversion of preferred stock warrants	481,512	398,331	398,331	398,331
Total	<u>86,920,687</u>	<u>85,330,442</u>	<u>86,203,981</u>	<u>85,109,632</u>

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 11—Net Loss Per Share Attributable to Common Stockholders (Continued)

Unaudited Pro Forma Net Loss Per Share Attributable to Common Stockholders

The following table sets forth the computation of the Company's unaudited pro forma net loss per share attributable to common stockholders, basic and diluted (in thousands, except share and per share data):

	Year Ended December 31, 2017	Six Months Ended June 30, 2018
Numerator:		
Net loss attributable to common stockholders	\$ (10,629)	\$ (7,196)
Add: Pro forma adjustment for remeasurement of redeemable convertible preferred stock warrant liability	118	359
Add: Pro forma adjustment for premium on repurchase of redeemable convertible preferred stock	6,506	—
Pro forma net loss attributable to common stockholders, basic and diluted	<u>\$ (4,005)</u>	<u>\$ (6,837)</u>
Denominator:		
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	32,944,714	34,651,331
Pro forma adjustment to reflect assumed conversion of redeemable convertible preferred stock to common stock	<u>65,127,010</u>	<u>61,279,079</u>
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted	<u>98,071,724</u>	<u>95,930,410</u>
Pro forma net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.07)</u>

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 11—Net Loss Per Share Attributable to Common Stockholders (Continued)

Supplemental Unaudited Pro Forma Net Loss Per Share Attributable to Common Stockholders

The following table sets forth the computation of the Company's unaudited supplemental pro forma net loss per share attributable to common stockholders, basic and diluted (in thousands, except share and per share data):

	<u>Year Ended December 31, 2017</u>	<u>Six Months Ended June 30, 2018 (unaudited)</u>
Numerator:		
Net loss attributable to common stockholders	\$ (10,629)	\$ (7,196)
Add: Pro forma adjustment for remeasurement of redeemable convertible preferred stock warrant liability	118	359
Add: Pro forma adjustment for premium on repurchase of redeemable convertible preferred stock	6,506	—
Add: Pro forma adjustment to reverse interest expense related to repayment of indebtedness, net of tax	125	706
Supplemental pro forma net loss attributable to common stockholders, basic and diluted	<u>\$ (3,880)</u>	<u>\$ (6,131)</u>
Denominator:		
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted	98,071,724	95,930,410
Pro forma adjustment to include additional shares required to be issued to generate proceeds to repay indebtedness		
Weighted-average shares used to compute supplemental pro forma net loss per share attributable to common stockholders, basic and diluted		
Supplemental pro forma net loss per share attributable to common stockholders, basic and diluted	<u>\$</u>	<u>\$</u>

Note 12—Income Taxes

The loss before benefit from income taxes consisted of the following:

	<u>Year Ended December 31,</u>	
	<u>2016</u>	<u>2017</u>
	(in thousands)	
Domestic	\$ (16,271)	\$ (4,153)
Foreign	37	8
Total	<u>\$ (16,234)</u>	<u>\$ (4,145)</u>

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 12—Income Taxes (Continued)

The components of the benefit from income taxes were as follows:

	Year Ended December 31,	
	2016	2017
	(in thousands)	
Current:		
Federal	\$ —	\$ —
State	(2)	(1)
Foreign	1	(21)
Total current	<u>\$ (1)</u>	<u>\$ (22)</u>
Deferred:		
Federal	\$ —	\$ —
State	—	—
Foreign	—	—
Total deferred	<u>\$ —</u>	<u>\$ —</u>
Total	<u>\$ (1)</u>	<u>\$ (22)</u>

The Company had an effective tax rate of 0.01% and 0.52% for the years ended December 31, 2016 and 2017, respectively. The reconciliation of the statutory federal income tax rate to the Company's effective tax rate was as follows:

	Year Ended December 31,	
	2016	2017
Tax at federal statutory rate	34.00%	34.00%
State tax, net of federal benefit	0.15	1.03
Stock-based compensation	(8.19)	(38.63)
Other items	(0.69)	(2.10)
Research and development credits	—	102.35
Net operating loss expiration	—	(9.29)
Change in valuation allowance	(25.26)	458.55
Rate differential impact on "Tax Cuts and JOBS Act"	—	(545.38)
Effective tax rate	<u>0.01%</u>	<u>0.53%</u>

The change in valuation allowance is primarily related to the reduction of the corporate tax rate and \$22.6 million revaluation of net deferred tax assets at December 31, 2017.

The Company recorded an income tax provision for the six months ended June 30, 2017 and June 30, 2018 of \$11,000 (unaudited) and \$9,000 (unaudited), respectively. The provision for income taxes consisted primarily of certain state and foreign income taxes. The primary differences between the effective tax rate and the federal statutory tax rate relates to federal and state losses for which the Company does not recognize a benefit with minor offsets for certain state and foreign taxes currently payable.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 12—Income Taxes (Continued)

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company’s deferred tax assets and liabilities were as follows:

	December 31,	
	2016	2017
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforwards	\$ 61,582	\$ 39,236
Stock-based compensation	3,214	2,427
Depreciation and amortization	509	245
Non-deductible accrued expenses and reserves	2,861	683
Research and development credits	—	4,629
Gross deferred tax assets	68,166	47,220
Deferred tax liabilities:		
Acquired intangible assets	(3,868)	(1,856)
Net deferred tax assets prior to valuation allowance	64,298	45,364
Valuation allowance	(64,298)	(45,364)
Net deferred tax assets	\$ —	\$ —

The Company established a full valuation allowance of \$64.3 million and \$45.4 million at December 31, 2016 and 2017, respectively, against its net deferred tax assets. The Company determines its valuation allowance on deferred tax assets by considering both positive and negative evidence to ascertain whether it is more likely than not that deferred tax assets will be realized. Realization of deferred tax assets is dependent upon the generation of future taxable income, if any, the timing and amount of which are uncertain. Due to the history of losses the Company has generated in the past, the Company believes that it is not more likely than not that all of the deferred tax assets can be realized as of December 31, 2017 and June 30, 2018 (unaudited). Accordingly, the Company has recorded a full valuation allowance on its deferred tax assets.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Act”) was signed into law. Among other changes is a permanent reduction in the federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result of this rate reduction, the Company revalued its net deferred tax asset at December 31, 2017. This resulted in a reduction of \$22.6 million in the value of the net deferred tax asset, which was fully offset by the change in valuation allowance of \$22.6 million due to the Company’s full valuation allowance position.

Due to the complexity of the provision for accelerated expensing of property and the lack of current guidance, under the guidance of Staff Accounting Bulletin No. 118, the Company has taken the provisional amount of \$0.8 million as the bonus depreciation for which the accounting is incomplete but a reasonable estimate can be determined. Additionally, state and local authorities are reviewing federal conformity matters. Provisional amounts or adjustments to provisional amounts identified in the measurement period, as defined, would be included as an adjustment to tax expense or benefit from continuing operations in the period the amounts are determined. The Company has determined a reasonable estimate for the tax reform effects and reported the estimates as a provisional amount in its consolidated financial statements for which the accounting under ASC 740 is completed. As of June 30, 2018, the Company continues to gather information to assess the application of the Tax Act.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 12—Income Taxes (Continued)

The Company had federal and California net operating loss (“NOL”) carryforwards of \$172.9 million and \$38.5 million, respectively, as of December 31, 2017. The federal amounts were generated in the years ended December 31, 1999 through 2017 and will begin to expire in 2019. The California amounts were generated in the years ended December 31, 2007 through 2017 and will begin to expire in 2028. The NOLs generated before 2008 have expired for California purposes.

Utilization of the Company’s NOL and research credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, as well as similar state and foreign provisions.

The Company had federal research and development tax credits carryforwards of \$7.1 million and state research and development tax credit carryforwards of \$8.3 million as of December 31, 2017. The federal credits carryforwards begin expiring in 2019 and the state credits carry forward indefinitely.

The Company has not provided U.S. federal and state income taxes, nor foreign withholding taxes, on undistributed earnings for certain non-U.S. subsidiaries, because such earnings are intended to be indefinitely reinvested. The Act provides for a one-time “deemed repatriation” of accumulated foreign earnings, which has been calculated as \$0.2 million for the year ended December 31, 2017. This one-time deemed repatriation tax is offset by losses from current operating activity. The Company does not expect that future foreign earnings will be subject to U.S. federal income tax since the Company intends to continue reinvesting such earnings outside of the U.S. indefinitely.

Uncertain Tax Positions

As of December 31, 2017, the Company’s total amount of unrecognized tax benefits was \$10.2 million, none of which would impact the Company’s effective tax rate, if recognized.

The activity related to the unrecognized tax benefits was as follows:

	Year Ended December 31,	
	2016	2017
	(in thousands)	
Gross unrecognized tax benefits—beginning balance	\$ 14,130	\$ 17,370
Decrease related to tax positions taken during prior year	—	(7,739)
Increases related to tax positions taken during current year	3,240	569
Gross unrecognized tax benefits—ending balance	<u>\$ 17,370</u>	<u>\$ 10,200</u>

The decrease related to prior year uncertain tax positions reflected above is largely attributable to the completion of a study on the qualifying activities related to research and development costs giving rise to research and development tax credits.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the provision for income taxes in the period that such determination is made. As of December 31, 2017, the Company had not recorded any interest or penalties related to uncertain tax positions. The Company does not anticipate the recorded reserves to change significantly in the next twelve months as the Company has a history of operating losses.

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 12—Income Taxes (Continued)

Due to certain tax attribute carryforwards, the tax years 1999 to 2017 remain open to examination by the major taxing jurisdictions in which the Company is subject to tax. As of December 31, 2017, the Company was not under examination by the Internal Revenue Service or any state or foreign tax jurisdiction.

Note 13—Segment and Geographical Information

The Company has determined it operates as one operating and reportable segment for purposes of allocating resources and evaluating financial performance.

The following table sets forth total revenue by type of service (in thousands):

	<u>Year Ended December 31,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
			(unaudited)	
Marketplace	\$ 138,484	\$ 178,046	\$83,938	\$107,413
Managed services	25,961	24,506	11,593	14,486
Total	\$ 164,445	\$ 202,552	\$95,531	\$121,899

The Company generates its revenue from freelancers and clients. Marketplace revenue included freelancer service fees of \$101.7 million and \$120.9 million for the years ended December 31, 2016 and 2017, respectively, and client payment processing and administrative fees of \$12.6 million and \$27.9 million for the years ended December 31, 2016 and 2017, respectively. Marketplace revenue included freelancer service fees of \$57.6 million and \$72.0 million for the six months ended June 30, 2017 and 2018 (unaudited), respectively, and client payment processing and administrative fees of \$13.3 million (unaudited) and \$16.8 million (unaudited) for the six months ended June 30, 2017 and 2018, respectively.

The following table sets forth total revenue by geographic area based on the billing address of its freelancers and clients (in thousands):

	<u>Year Ended December 31,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>
			(unaudited)	
Freelancers:				
United States	\$ 21,455	\$ 26,596	\$12,345	\$ 18,657
India	20,003	21,880	10,471	12,573
Philippines	13,394	14,761	7,044	8,158
Rest of world	58,519	68,829	33,248	39,184
Total freelancers	\$ 113,371	\$ 132,066	\$63,108	\$ 78,572
Clients:				
United States	\$ 42,455	\$ 55,179	\$25,364	\$ 33,649
Rest of world	8,619	15,307	7,059	9,678
Total clients	\$ 51,074	\$ 70,486	\$32,423	\$ 43,327
Total	\$ 164,445	\$ 202,552	\$95,531	\$121,899

Substantially all of the Company's long-lived assets were located in the United States as of December 31, 2016 and 2017, and as of June 30, 2018 (unaudited).

UPWORK INC.

Notes to Consolidated Financial Statements (Continued)

Note 14—401(k) Plan

The Company offers the Upwork Retirement Savings Plan (“Retirement Plan”), a defined contribution plan that allows employees to contribute a portion of their salary, subject to the annual limits. Under the Retirement Plan, eligible employees may defer a portion of their pretax salaries, but not more than the statutory limits. The Retirement Plan provides for a discretionary employer matching contribution. Starting April 2016, the Company began to make matching contributions equal to 50% of each dollar a participant contributed, subject to a maximum contribution of \$5,000 per year. The Company’s total expense for the matching contributions was \$0.9 million and \$1.2 million for the years ended December 31, 2016 and 2017, respectively. The Company’s total expense for the matching contributions was \$0.8 million (unaudited) and \$1.1 million (unaudited) for the six months ended June 30, 2017 and 2018, respectively.

Note 15—Subsequent Events

The Company evaluated subsequent events through June 4, 2018, the date on which its consolidated financial statements were available to be issued.

In May 2018, the Company issued 45,286 shares of common stock upon the exercise of a common stock warrant with an exercise price of \$0.06 per share.

In April 2018, the Company established The Upwork Foundation initiative. The program will include a donor-advised fund created through the Tides Foundation. In May 2018, the Company issued a warrant to purchase 500,000 shares of its common stock at an exercise price of \$0.01 per share to the Tides Foundation. This warrant is exercisable as to 1/10th of the shares on each anniversary of the IPO, with proceeds from the sale of such shares to be donated in accordance with the Company’s directive.

Note 16—Subsequent Events (Unaudited)

The Company evaluated subsequent events through September 6, 2018, the date on which its unaudited interim consolidated financial statements were available to be issued.

In July 2018, the Company’s board of directors granted options to purchase 2,293,596 shares of common stock to employees at an exercise price of \$6.61 per share. Included in the grants was an option to purchase 1,860,000 shares of common stock issued to Stephane Kasriel, Chief Executive Officer, which vest based on the achievement of various business milestones, including the Company completing its IPO before January 2019. In addition, included in the grants were options to purchase 262,500 shares of common stock issued to other employees which vest as to 25% of the award following one year of continuous services from the vesting commencement date and then vest 1/48th of the initial award monthly during the following 36 months. The remaining options to purchase 171,096 shares of common stock granted to all other employees are subject to a specific number of option awards vested each month, based on continuous service by the employee.

In August 2018, the Company’s board of directors granted options to purchase 399,527 shares of common stock to employees at an exercise price of \$8.18 per share. Included in the grants was an option to purchase 150,527 shares of common stock options granted to a board member, with one-third of the award vesting on the one-year anniversary of the vesting commencement date and an additional one-third of the award vesting on each anniversary thereafter. The remaining awards generally contain a 25% cliff vest at the one year anniversary of the vesting commencement date, with 1/48th vesting during the following 36 months.

Our mission is to create economic opportunities so people have better lives.





PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all costs and expenses to be paid by us, other than underwriting discounts and commissions, in connection with the sale of the common stock being registered hereby. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee, and The Nasdaq Global Market listing fee:

	Amount Paid or to be Paid
SEC registration fee	\$ 12,450
FINRA filing fee	15,500
The Nasdaq Global Market listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous expenses	*
Total	\$ *

* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law, or DGCL, authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the DGCL are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Securities Act of 1933, as amended, or Securities Act.

As permitted by the DGCL, the Registrant's restated certificate of incorporation to be effective upon the completion of this offering contains provisions that eliminate the personal liability of its directors for monetary damages for any breach of fiduciary duties as a director, except liability for the following:

- any breach of the director's duty of loyalty to the Registrant or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under Section 174 of the DGCL (regarding unlawful dividends and stock purchases); or
- any transaction from which the director derived an improper personal benefit.

As permitted by the DGCL, the Registrant's restated bylaws to be effective upon the completion of this offering, provide that:

- the Registrant is required to indemnify its directors and executive officers to the fullest extent permitted by the DGCL, subject to very limited exceptions;
- the Registrant may indemnify its other employees and agents as set forth in the DGCL;
- the Registrant is required to advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the DGCL, subject to very limited exceptions; and
- the rights conferred in the restated bylaws are not exclusive.

Prior to completion of this offering, the Registrant has entered into indemnification agreements with each of its current directors and executive officers to provide these directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's restated certificate of incorporation and restated bylaws and to provide additional procedural protections. There is no pending litigation or proceeding involving a director or executive officer of the Registrant for which indemnification is sought. The indemnification provisions in the Registrant's restated certificate of incorporation, restated bylaws, and the indemnification agreements entered into or to be entered into between the Registrant and each of its directors and executive officers may be sufficiently broad to permit indemnification of the Registrant's directors and executive officers for liabilities arising under the Securities Act.

The Registrant currently carries liability insurance for its directors and officers.

Certain of the Registrant's directors are also indemnified by their employers with regard to service on the Registrant's board of directors.

In addition, the underwriting agreement filed as Exhibit 1.1 to this registration statement provides for indemnification by the underwriters of the Registrant and its officers and directors for certain liabilities arising under the Securities Act, or otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

From September 4, 2015 through September 4, 2018, the Registrant has issued and sold the following securities:

1. The Registrant granted options to employees, directors, and other service providers to purchase an aggregate of 15,743,769 shares of common stock under its 2014 Equity Incentive Plan, or the 2014 Plan, with per share exercise prices ranging from \$3.00 to \$8.18, and has issued 1,837,339 shares of common stock upon exercise of stock options under its 2014 Plan.
2. The Registrant has issued 2,752,933 shares of common stock upon exercise of stock options under the Elance 1999 Stock Option Plan, the oDesk 2004 Stock Plan, and the Elance 2009 Stock Option Plan.
3. In May 2018, the Registrant issued 45,286 shares of common stock upon the exercise of a common stock warrant with an exercise price of \$0.06 per share.
4. In May 2018, in connection with The Upwork Foundation initiative, the Registrant issued a warrant to purchase 500,000 shares of common stock with an exercise price of \$0.01 per share.
5. In October 2017, the Registrant issued restricted stock awards to certain services providers to purchase 7,143 shares of common stock under its 2014 Plan at a purchase price of \$3.68 per share.
6. In June 2017, the Registrant issued 26,000 shares of Series A-1 convertible preferred stock and 57,181 shares of Series A-2 convertible preferred stock upon the exercise of warrants to purchase shares of Series A-1 convertible preferred stock and Series A-2 convertible preferred stock, respectively, each with a per share exercise price of \$3.13.

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act (or Regulation D or Regulation S promulgated thereunder), or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. 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.

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ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1*	Form of Underwriting Agreement.
3.1	Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2	Form of Restated Certificate of Incorporation, to be effective immediately prior to the completion of this offering.
3.3	Amended and Restated Bylaws of the Registrant, as currently in effect.
3.4	Form of Restated Bylaws, to be effective immediately prior to the completion of this offering.
4.1	Form of Common Stock certificate.
4.2	Amended and Restated Investors' Rights Agreement, dated August 19, 2014, by and among the Registrant and certain security holders of the Registrant, as amended.
4.3	Warrant, dated September 26, 2013, by and between Elance, Inc. and Silver Lake Waterman Fund, L.P.
4.4	Warrant, dated May 1, 2018, by and between the Registrant and Tides Foundation.
5.1*	Opinion of Fenwick & West LLP.
10.1	Form of Indemnification Agreement.
10.2	oDesk 2004 Stock Plan, as amended, and forms of equity agreements thereunder.
10.3	2014 Equity Incentive Plan, as amended, and forms of equity agreements thereunder.
10.4	2018 Equity Incentive Plan, to become effective on the date immediately prior to the date of this prospectus, and forms of award agreements thereunder.
10.5	2018 Employee Stock Purchase Plan, to be effective on the date of this registration statement, and enrollment forms thereunder.
10.6	2017 Performance Bonus Plan.
10.7	Severance and Change in Control Agreement, dated May 23, 2018, by and between the Registrant and Stephane Kasriel.
10.8	Severance and Change in Control Agreement, dated May 23, 2018, by and between the Registrant and Brian Kinion.
10.9	Severance and Change in Control Agreement, dated May 29, 2018, by and between the Registrant and Hayden Brown.
10.10	Amended and Restated Offer Letter, dated May 23, 2018, by and between the Registrant and Stephane Kasriel.
10.11	Amended and Restated Offer Letter, dated May 23, 2018, by and between the Registrant and Brian Kinion.
10.12	Amended and Restated Offer Letter, dated May 29, 2018, by and between the Registrant and Hayden Brown.
10.13	Offer Letter, dated February 25, 2015, by and between the Registrant and Elizabeth Nelson.

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10.14	Loan and Security Agreement, dated September 19, 2017, by and between the Registrant and Silicon Valley Bank, as amended.
10.15	441 Logue Avenue Lease Agreement, dated March 27, 2007, by and between Elance, Inc. and 441 Logue Avenue Associates, LLC, as amended.
10.16	Offer Letter, dated August 3, 2018, by and between the Registrant and Gary Steele.
21.1	List of Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
23.2*	Consent of Fenwick & West LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included in the signature page to this Registration Statement on Form S-1).
99.1	Consent of Inavero.

* To be filed by amendment.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

- (a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, 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 Mountain View, California, on the day of September 6, 2018.

UPWORK INC.

By: /s/ Stephane Kasriel
Stephane Kasriel
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Stephane Kasriel and Brian Kinion, and each of them, as his or her true and lawful attorneys-in-fact, proxies, and agents, each with full power of substitution, for him or her 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) 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 attorneys-in-fact, proxies, and agents 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 or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, proxies, and agents, or their substitute or substitutes, 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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Stephane Kasriel</u> Stephane Kasriel	President, Chief Executive Officer, and Director (Principal Executive Officer)	September 6, 2018
<u>/s/ Brian Kinion</u> Brian Kinion	Chief Financial Officer (Principal Financial and Accounting Officer)	September 6, 2018
<u>/s/ Thomas Layton</u> Thomas Layton	Executive Chairman	September 6, 2018
<u>/s/ Gregory C. Gretsch</u> Gregory C. Gretsch	Director	September 6, 2018
<u>/s/ Kevin Harvey</u> Kevin Harvey	Director	September 6, 2018
<u>/s/ Daniel Marriott</u> Daniel Marriott	Director	September 6, 2018
<u>/s/ Elizabeth Nelson</u> Elizabeth Nelson	Director	September 6, 2018
<u>/s/ Gary Steele</u> Gary Steele	Director	September 6, 2018

ELANCE-ODESK, INC.

RESTATED CERTIFICATE OF INCORPORATION

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Elance-oDesk, 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 as follows:

1. The original name of this corporation is Runway Parent Corp. This corporation was originally incorporated pursuant to the General Corporation Law on December 13, 2013, under the name Runway Parent Corp.

2. The Board of Directors of this corporation duly adopted resolutions proposing to amend and restate the 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 Certificate of Incorporation of this corporation be amended and restated in its entirety to read as set forth on Exhibit A attached hereto and incorporated herein by this reference.

Exhibit A referred to in the resolution above is attached hereto as Exhibit A and is hereby incorporated herein by this reference.

3. This Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law

4. This Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this corporation's 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 18th day of August, 2014.

By: /s/ Servaes Tholen

Servaes Tholen
Chief Financial Officer

Exhibit A

ELANCE-ODESK, INC.

RESTATED CERTIFICATE OF INCORPORATION

ARTICLE I: NAME.

The name of this corporation is Elance-oDesk, Inc. (the "*Corporation*").

ARTICLE II: REGISTERED OFFICE.

The address of the registered office of the Corporation in the State of Delaware is 3500 South Dupont Highway, City of Dover, County of Kent, Delaware 19901. The name of its registered agent at such address is Incorporating Services, Ltd.

ARTICLE III: PURPOSE.

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "*General Corporation Law*").

ARTICLE IV: AUTHORIZED SHARES.

The total number of shares of all classes of stock which the Corporation shall have authority to issue is (a) 150,000,000 shares of Common Stock, \$0.0001 par value per share ("*Common Stock*"), and (b) 76,141,345 shares of Preferred Stock, \$0.0001 par value per share ("*Preferred Stock*"). As of the effective date of this Restated Certificate of Incorporation (this "*Restated Certificate*"), 10,141,345 shares of the authorized Preferred Stock of the Corporation are hereby designated "*Series A-1 Preferred Stock*", 60,000,000 shares of the authorized Preferred Stock of the Corporation are hereby designated "*Series A-2 Preferred Stock*", 5,854,982 shares of the authorized Preferred Stock of the Corporation are hereby designated "*Series B-1 Preferred Stock*" and 145,018 shares of the authorized Preferred Stock of the Corporation are hereby designated "*Series B-2 Preferred Stock*".

The following is a statement of the designations and the rights, powers and privileges, and the qualifications, limitations or restrictions thereof, in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and privileges of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). Unless required by law, there shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of this Restated Certificate) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote (subject to Section 3.3 of Part B of this Article IV), irrespective of the provisions of Section 242(b)(2) of the General Corporation Law and without a separate class vote of the holders of the Common Stock.

3. Redemption. The Common Stock is not redeemable at the option of the holder.

B. PREFERRED STOCK

The following rights, powers and privileges, and restrictions, qualifications and limitations, shall apply to the Preferred Stock. Unless otherwise indicated, references to "Sections" in this Part B of this Article IV refer to sections of this Part B.

1. Dividends.

1.1 **Non-Cumulative Preferred Stock Dividend Preference.** The Corporation shall not pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) in any calendar year unless (in addition to the obtaining of any consents required elsewhere in this Restated Certificate) the holders of the Preferred Stock then outstanding shall first receive, or simultaneously receive, out of funds legally available therefor, a dividend on each outstanding share of Preferred Stock in an amount equal to 8% of the Original Issue Price (as defined below) per share of such Preferred Stock. The foregoing dividends shall not be cumulative and shall be paid when, as and if declared by the Board of Directors of the Corporation (the "**Board**"). In the case of the Series A-1 Preferred Stock, the "**Original Issue Price**" for the Series A-1 Preferred Stock shall mean \$10.00 per share, subject to appropriate adjustment in the event of any stock splits and combinations of shares and for dividends paid on the Series A-1 Preferred Stock in shares of such stock. In the case of the Series A-2 Preferred Stock, the "**Original Issue Price**" for the Series A-2 Preferred Stock shall mean \$0.0001 per share, subject to appropriate adjustment in the event of any stock splits and combinations of shares and for dividends paid on the Series A-2 Preferred Stock in shares of such stock. In the case of the Series B-1 Preferred Stock, the "**Original Issue Price**" for the Series B-1 Preferred Stock shall mean \$5.71 per share, subject to appropriate adjustment in the event of any stock splits and combinations of shares and for dividends paid on the Series B-1 Preferred Stock in shares of such stock. In the case of the Series B-2 Preferred Stock, the "**Original Issue Price**" for the Series B-2 Preferred Stock shall mean \$5.71 per share, subject to appropriate adjustment in the event of any stock splits and combinations of shares and for dividends paid on the Series B-2 Preferred Stock in shares of such stock.

1.2 **Participation.** If, after dividends in the full preferential amount specified in Section 1.1 for the Preferred Stock have been paid or set apart for payment in any calendar year of the Corporation, the Board shall declare additional dividends out of funds legally available therefor in that calendar year, then such additional dividends shall be declared pro rata on the Common Stock and the Preferred Stock on a pari passu basis according to the number of shares of Common Stock held by such holders. For this purpose each holder of shares of Preferred Stock is to be treated as holding the greatest whole number of shares of Common Stock then issuable upon conversion of all shares of Preferred Stock held by such holder pursuant to Sections 4 and 5.

1.3 Non-Cash Dividends. Whenever a dividend provided for in this Section 1 shall be payable in property other than cash, the value of such dividend shall be deemed to be the fair market value of such property as determined in good faith by the Board.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or any Deemed Liquidation Event (as defined below), before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, the holders of shares of each series of Preferred Stock then outstanding shall be entitled to be paid out of the funds and assets available for distribution to its stockholders, an amount per share equal to the greater of (a) the Original Issue Price for such series of Preferred Stock, plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares of such series of Preferred Stock been converted into Common Stock pursuant to Sections 4 and 5 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event. If upon any such liquidation, dissolution, winding up or Deemed Liquidation Event of the Corporation, the funds and assets available for distribution to the stockholders of the Corporation shall be insufficient to pay the holders of shares of Preferred Stock the full amounts to which they are entitled under this Section 2.1, the holders of shares of Preferred Stock shall share ratably, on an equal priority, pari passu basis, in any distribution of the funds and assets available for distribution in proportion to the respective amounts that would otherwise be payable pursuant to this Section 2.1 in respect of the shares of Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution, winding up or Deemed Liquidation Event of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock as provided in Section 2.1, the remaining funds and assets available for distribution to the stockholders of the Corporation shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares of Common Stock held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a “**Deemed Liquidation Event**” unless the holders of at least a majority of the outstanding shares of Preferred Stock (voting together as a single class on an as-converted basis) elect otherwise by written notice sent to the Corporation at least five days prior to the effective date of any such event:

(a) a merger or consolidation (each a “**Combination**”) in which (i) the Corporation is a constituent party or (ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such Combination, except any such Combination involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such Combination continue to represent, or are converted into or exchanged for equity securities that represent, immediately following such Combination, at least a majority, by voting power, of the equity securities of (1) the surviving or resulting party or (2) if the surviving or resulting party is a wholly owned subsidiary of another party immediately following such Combination, the parent of such surviving or resulting party; *provided* that, for the purpose of this Section 2.3.1, all shares of Common Stock issuable upon exercise of Options (as defined in Section 5.1 below) outstanding immediately prior to such Combination or upon conversion of Convertible Securities (as defined in Section 5.1 below) outstanding immediately prior to such Combination shall be deemed to be outstanding immediately prior to such Combination and, if applicable, deemed to be converted or exchanged in such Combination on the same terms as the actual outstanding shares of Common Stock are converted or exchanged; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary or subsidiaries of the Corporation, of all or substantially all the assets (or in the case of an exclusive license, of all or substantially all of the Corporation’s intellectual property) of the Corporation and its subsidiaries taken as a whole (or, if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by one or more subsidiaries, the sale or disposition (whether by consolidation, merger, conversion or otherwise) of such subsidiaries of the Corporation), except where such sale, lease, transfer or other disposition is made to the Corporation or one or more wholly owned subsidiaries of the Corporation (an “**Asset Disposition**”).

2.3.2 Amount Deemed Paid or Distributed. The funds and assets deemed paid or distributed to the holders of capital stock of the Corporation upon any such Combination or Asset Disposition shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. If the amount deemed paid or distributed under this Section 2.3.2 is made in property other than in cash, the value of such distribution shall be the fair market value of such property, as determined in good faith by the Board; *provided, however*, that the following shall apply. For securities not subject to investment letters or other similar restrictions on free marketability:

(i) if traded on a securities exchange or the NASDAQ Stock Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the 30-day period ending three days prior to the closing of such transaction;

(ii) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three days prior to the closing of such transaction; or

(iii) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board.

The method of valuation of securities subject to investment letters or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall take into account an appropriate discount (as determined in good faith by the Board) from the market value as determined pursuant to clause (i) above so as to reflect the approximate fair market value thereof.

The foregoing methods for valuing non-cash consideration to be distributed in connection with a Combination or Asset Disposition shall, with the appropriate approval of the definitive agreements governing such Combination or Asset Disposition by the stockholders under the General Corporation Law and Section 3.3, be superseded by the determination of such value set forth in the definitive agreements governing such Combination or Asset Disposition.

3. **Voting.**

3.1 **General.** On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter; *provided, however,* that the holders of record of the outstanding shares of Series B-2 Preferred Stock, or Common Stock issued upon conversion thereof, shall not be entitled to cast votes in connection with the election of the directors of the Corporation (the "**Directors**"), unless otherwise required by applicable law. Fractional votes shall not 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). Except as provided by law or by the other provisions of this Restated Certificate (including the inability of the holders of the Series B-2 Preferred Stock to cast votes in connection with the election of Directors), holders of Preferred Stock (i) shall vote together with the holders of Common Stock as a single class on an as-converted basis, (ii) shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and (iii) shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation.

3.2 **Election of Directors.**

3.2.1 **Election.** The holders of record of the shares of Common Stock and of every other class or series of voting stock, including the Preferred Stock but excluding the Series B-2 Preferred Stock, voting together as a single class on an as-converted basis, shall be entitled to elect the Directors; *provided, however,* that for the avoidance of doubt, the holders of record of the shares of Series B-2 Preferred Stock, or Common Stock issued upon conversion thereof, shall not be entitled to vote in the election of the Directors, unless otherwise required by applicable law.

3.2.2 **Vacancies Not Caused by Removal.** If any vacancy in the office of any Director exists, such vacancy may be filled (either contingently or otherwise) by the stockholders as specified in this Section 3.2 or by at least a majority of the members of the Board then in office, although less than a quorum, or by a sole remaining member of the Board then in office, even if such directors or such sole remaining director were not elected by the holders of the class, classes or series that are entitled to elect a director or directors to office under the provisions of Section 3.2 (the "**Specified Stock**") and such electing director or directors shall specify at the time of such election the specific vacant directorship being filled.

3.2.3 Vacancies Caused by Removal. Any director elected as provided in the preceding sentences may be removed with or without cause by, and any vacancy in the office of any such removed director may be filled by, and only by, the affirmative vote of the holders of the shares of the Specified 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.

3.2.4 Procedure. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the Specified Stock entitled to elect such director shall constitute a quorum for the purpose of electing such director and the candidate or candidates to be elected by such Specified Stock shall be those who receive the highest number of affirmative votes (on an as-converted basis) of the outstanding shares of such Specified Stock. In the case of an action taken by written consent without a meeting, the candidate or candidates to be elected by such Specified Stock shall be those who are elected by the written consent of the holders of a majority of such Specified Stock.

3.3 Preferred Stock Protective Provisions. For so long as at least 15,105,812 shares of Preferred Stock remain outstanding (as such number is adjusted for stock splits and combinations of shares and for dividends paid on the Preferred Stock in shares of such stock), the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Restated Certificate) the written consent, or affirmative vote at a meeting and evidenced in writing, of the holders of at least a majority of the then outstanding shares of Preferred Stock, consenting or voting together as a single class 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 (*provided*, that such a written consent or affirmative vote made after such act or transaction will effectuate such action on the date such act or transaction was entered into):

(a) alter or change the rights, powers or preferences of the Preferred Stock set forth in the certificate of incorporation or bylaws of the Corporation, as then in effect; or

(b) authorize or create (by reclassification, alteration, amendment or otherwise) any new class or series of capital stock having rights, powers or preferences that are senior to or on a parity with the rights, powers or preferences of any series of Preferred Stock set forth in the Restated Certificate, as then in effect (a “**New Senior Security**”) or authorize or create (by reclassification or otherwise) or obligate itself to authorize or create any security convertible into or exercisable for a New Senior Security; or

(c) redeem or repurchase any shares of Common Stock or Preferred Stock, other than (i) pursuant to an agreement with an employee, consultant, director or other service provider to the Corporation or any of its wholly owned subsidiaries (collectively, “**Service Providers**”) giving the Corporation the right to repurchase shares at the original cost thereof upon the termination of services, (ii) an exercise of a right of first refusal in favor of the Corporation pursuant to an agreement with any Service Provider, which exercise has been approved by the Board, or (iii) as approved by the Board (collectively, a “**Permitted Repurchase**”); or

(d) declare or pay any dividend or otherwise make a distribution to holders of Preferred Stock or Common Stock, other than a dividend on the Common Stock payable solely in shares of Common Stock or a Permitted Repurchase; or

(e) liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any Deemed Liquidation Event, or consent, agree or commit to any of the foregoing without conditioning such consent, agreement or commitment upon obtaining the approval required by this Section 3.3; or

(f) increase or decrease the authorized number of directors constituting the Board; or

(g) amend this Section 3.3.

3.4 **Series Protective Provisions.** For so long as any shares of any series of Preferred Stock remain outstanding, the Corporation shall not, without the written consent, or affirmative vote at a meeting and evidenced in writing, of the holders of at least a majority of the then outstanding shares of such series of Preferred Stock, alter or change the rights, powers or preferences of such series of Preferred Stock set forth in the certificate of incorporation or bylaws of the Corporation, as then in effect, in a way that adversely affects such series of Preferred Stock in a manner different from other series of Preferred Stock. For the avoidance of doubt, (i) the authorization, creation (by reclassification or otherwise) or issuance of any new class or series of capital stock having rights, powers or preferences set forth in the Restated Certificate, as then in effect, that are senior to, on a parity with, or junior to any series of Preferred Stock, and (ii) an amendment or other change of the rights, powers or preferences of any series of Preferred Stock that is proportional to the amendment(s) or other change(s) similarly made to other series of Preferred Stock that have a similar right, power or preference (e.g., a reduction of liquidation preference of the same percentage), shall not be considered to adversely affect such series of Preferred Stock in a manner different from other series of Preferred Stock.

4. **Conversion Rights.** The holders of the Preferred Stock shall have conversion rights as follows (the “**Conversion Rights**”):

4.1 **Right to Convert.**

4.1.1 **Conversion Ratio.** Each share of a series of Preferred Stock shall be convertible, at the option of the holder thereof, at any time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Original Issue Price for such series of Preferred Stock by the Conversion Price (as defined below) for such series of Preferred Stock in effect at the time of conversion. The “**Conversion Price**” for each series of Preferred Stock shall initially mean the Original Issue Price for such series of Preferred Stock. Such initial Conversion Price, and the rate at which shares of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided in Section 5.

4.1.2 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that any such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent (a "**Contingency Event**"). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form reasonably satisfactory to the Corporation, duly executed by the registered holder or such holder's attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice (or, if later, the date on which all Contingency Events have occurred) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such time. The Corporation shall, as soon as practicable after the Conversion Time, (a) issue and deliver to such holder of Preferred Stock, or to such holder's nominee(s), a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (b) pay in cash such amount as provided in Section 5.7.3 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (c) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.1.3 Effect of Voluntary Conversion. All shares of Preferred Stock that shall have been surrendered for conversion as herein provided shall, as of the Conversion Time, no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Section 5.7.3 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued.

4.1.4 Special Mandatory Proportionate Conversion. In the event that any holder of Series A-1 Preferred Stock or Series A-2 Preferred Stock elects to voluntarily convert shares of such Preferred Stock into shares of Common Stock pursuant to this Section 4.1, such election shall be deemed to be an election of such holder to convert shares of Series A-1 Preferred Stock and Series A-2 Preferred Stock held by such holder into shares of Common Stock at the same ratio and in the same proportions (i.e., if such a holder elects to convert half of the shares of Series A-1 Preferred Stock held by such holder into Common Stock, such election shall be deemed to be an election to similarly convert half the shares of Series A-2 Preferred Stock held by such holder into Common Stock).

4.2 Mandatory Conversion.

4.2.1 Automatic Conversion. Upon either (a) the closing of the sale of shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “**Securities Act**”), resulting in at least \$50,000,000 of gross proceeds to the Corporation or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the outstanding shares of Preferred Stock at the time of such vote or consent, voting together as a single class on an as-converted basis (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the “**Mandatory Conversion Time**”), (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the applicable ratio described in Section 4.1.1 as the same may be adjusted from time to time in accordance with Section 5 and (ii) such shares may not be reissued by the Corporation.

4.2.2 Mandatory Conversion Procedural Requirements.

(a) All holders of record of shares of Preferred Stock shall be sent written notice by the Corporation of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to Sections 4.2.1 and 9. Unless otherwise provided in this Restated Certificate, such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock shall surrender such holder’s certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Common Stock to which such holder is entitled pursuant to this Section 4.2.

(b) If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form reasonably satisfactory to the Corporation, duly executed by the registered holder or by such holder’s attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to this Section 4.2, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Section 4.2.2(b). As soon as practicable after the Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall issue and deliver to such holder, or to such holder’s nominee(s), a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Section 5.7.3 in lieu of any fraction of a share of Common Stock otherwise issuable

upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock (and the applicable series thereof) accordingly.

5. **Adjustments to Conversion Price.**

5.1 Adjustments for Diluting Issuances.

5.1.1 Special Definitions. For purposes of this Article IV, the following definitions shall apply:

(a) “**Option**” shall mean any right, option or warrant to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities from the Corporation.

(b) “**Original Issue Date**” for a series of Preferred Stock shall mean the date on which the first share of such series of Preferred Stock was issued.

(c) “**Convertible Securities**” shall mean any evidences of indebtedness, shares or other securities issued by the Corporation that are directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) “**Additional Shares of Common Stock**” with respect to a series of Preferred Stock shall mean all shares of Common Stock issued (or, pursuant to Section 5.1.2 below, deemed to be issued) by the Corporation after the applicable Original Issue Date for such series of Preferred Stock, other than the following shares of Common Stock and shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (collectively as to all such shares and shares deemed issued, “**Exempted Securities**”):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on such series of Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on or subdivision of shares of Common Stock for which an adjustment to the Conversion Price of the Preferred Stock is provided for in Section 5.2, 5.3, 5.4, 5.5 or 5.6;

(iii) shares of Common Stock or Options to acquire shares of Common Stock, including but not limited to stock appreciation rights payable in shares of Common Stock or in Options or Convertible Securities, issued to Service Providers pursuant to a plan, agreement or arrangement approved by the Board;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options, or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided that such issuance is pursuant to the terms of such Option or Convertible Security (provided, however, that such Option or Convertible Security shall not be deemed an Exempted Security pursuant to this clause (iv));

(v) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions pursuant to a debt financing or equipment leasing transaction approved by the Board;

(vi) shares of Common Stock, Options or Convertible Securities issued pursuant to an acquisition of another entity by the Corporation by merger or consolidation with, purchase of substantially all of the assets of, or purchase of more than fifty percent of the outstanding equity securities of, the other entity, or issued pursuant to a joint venture agreement, provided that such issuances are approved by the Board;

(vii) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board;

(viii) shares of Common Stock, Options or Convertible Securities issued as a result of a decrease in the Conversion Price of any series of Preferred Stock resulting from the operation of Section 5.1.3;

(ix) shares of Common Stock issued in an offering to the public pursuant to a registration statement filed under the Securities Act with, and declared effective by, the Securities and Exchange Commission;

(x) shares of Common Stock, Options or Convertible Securities issued in connection with the settlement of a claim or dispute approved by the Board; or

(xi) the issuance or deemed issuance of Common Stock approved by the Board if the Corporation receives written notice from the holders of at least a majority of the then outstanding shares of Preferred Stock (voting together as a single class on an as-converted basis) agreeing that no adjustment shall be made to the Conversion Price of the Preferred Stock as a result of the issuance or deemed issuance.

5.1.2 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the applicable Original Issue Date for a series of Preferred Stock shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability (including the passage of time) but without regard to any provision contained therein for a subsequent adjustment of such number including by way of anti-dilution adjustment) issuable upon the exercise of such Options or, in the

case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Section 5.1.3, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (i) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (ii) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price of such series of Preferred Stock computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price of such series of Preferred Stock as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this Section 5.1.2(b) shall have the effect of increasing the Conversion Price of a series of Preferred Stock to an amount which exceeds the lower of (1) the Conversion Price for such series of Preferred Stock in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (2) the Conversion Price for such series of Preferred Stock that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities that are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Section 5.1.3 (either because the consideration per share (determined pursuant to Section 5.1.4) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price of such series of Preferred Stock then in effect, or because such Option or Convertible Security was issued before the applicable Original Issue Date of such series of Preferred Stock), are revised after the applicable Original Issue Date of such series of Preferred Stock as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (i) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (ii) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 5.1.2(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) that resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Section 5.1.3, the Conversion Price of such series of Preferred Stock shall be readjusted to such Conversion Price of such series of Preferred Stock as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price of a series of Preferred Stock provided for in this Section 5.1.2 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in Sections 5.1.2(b) and 5.1.2(c)). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to such Conversion Price that would result under the terms of this Section 5.1.2 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to such Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

5.1.3 Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the applicable Original Issue Date of a series of Preferred Stock (other than the Series A-1 Preferred Stock or Series A-2 Preferred Stock) issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 5.1.2), without consideration or for a consideration per share less than the Conversion Price for such series of Preferred Stock (other than the Series A-1 Preferred Stock or Series A-2 Preferred Stock) in effect immediately prior to such issue, then such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-thousandth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) / (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

“CP₂” shall mean the applicable Conversion Price in effect immediately after such issue or deemed issue of Additional Shares of Common Stock;

“CP₁” shall mean the applicable Conversion Price in effect immediately prior to such issue or deemed issue of Additional Shares of Common Stock;

“A” shall mean the number of shares of Common Stock outstanding immediately prior to such issue or deemed issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

“B” shall mean the number of shares of Common Stock that would have been issued or deemed issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP₁ (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP₁); and

“C” shall mean the number of such Additional Shares of Common Stock actually issued or deemed issued in such transaction.

5.1.4 Determination of Consideration. For purposes of this Section 5.1, the consideration received by the Corporation for the issue or deemed issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 5.1.2, relating to Options and Convertible Securities, shall be determined by dividing

(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration and for the sake of clarity and avoiding duplication, cancellation of indebtedness not otherwise already cancelled as consideration for such issuance) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

5.1.5 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Section 5.1.2 and such issuance dates occur within a period of no more than 120 days after the first such issuance to the final such issuance, then, upon the final such issuance, the Conversion Price of such series of Preferred Stock shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period that are a part of such transaction or series of related transaction).

5.2 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Original Issue Date for a series of Preferred Stock effect a subdivision of the outstanding Common Stock, the Conversion Price for such series of Preferred Stock in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Original Issue Date for a series of Preferred Stock combine the outstanding shares of Common Stock, the Conversion Price for such series of Preferred Stock in effect immediately before the combination shall be proportionately 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 the aggregate number of shares of Common Stock outstanding. Any adjustment under this Section 5.2 shall become effective at the close of business on the date the subdivision or combination becomes effective.

5.3 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date for a series of Preferred Stock shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Conversion Price for such series of Preferred Stock in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying such Conversion Price then in effect by a fraction:

(a) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(b) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (i) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, such Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Conversion Price shall be adjusted pursuant to this Section 5.3 as of the time of actual payment of such dividends or distributions; and (ii) no such adjustment shall be made if the holders of such series of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of such series of Preferred Stock had been converted into Common Stock on the date of such event.

5.4 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date for a series of Preferred Stock shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock), then and in each such event the holders of such series of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities in an amount equal to the amount of such securities as they would have received if all outstanding shares of such series of Preferred Stock had been converted into Common Stock on the date of such event.

5.5 Adjustment for Reclassification, Exchange and Substitution. If, at any time or from time to time after the Original Issue Date for a series of Preferred Stock, the Common Stock issuable upon the conversion of such series of Preferred Stock is changed into the same or a different number of shares of any class or classes of stock of the Corporation, whether by recapitalization, reclassification or otherwise (other than by a stock split or combination, dividend, distribution, merger or consolidation covered by Sections 5.2, 5.3, 5.4 or 5.6 or by Section 2.3 regarding a Deemed Liquidation Event), then in any such event each holder of such series of Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the number of shares of Common Stock into which such shares of Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change.

5.6 Adjustment for Merger or Consolidation. Subject to the provisions of Section 2.3, if there shall occur any consolidation or merger involving the Corporation in which the Common Stock (but not a series of Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Sections 5.3, 5.4 or 5.5), then, following any such consolidation or merger, provision shall be made that each share of such series of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of such series of Preferred Stock immediately prior to such consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application

of the provisions in Section 4 and this Section 5 with respect to the rights and interests thereafter of the holders of such series of Preferred Stock, to the end that the provisions set forth in Section 4 and this Section 5 shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of such series of Preferred Stock.

5.7 General Conversion Provisions.

5.7.1 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price of a series of Preferred Stock pursuant to this Section 5, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than 15 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such series of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which such series of Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of any series of Preferred Stock (but in any event not later than 10 days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (a) the Conversion Price of such series of Preferred Stock then in effect and (b) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of such series of Preferred Stock.

5.7.2 Reservation of Shares. The Corporation shall at all times while any share of Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding 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, the Corporation shall take such corporate action as may 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. Before taking any action that would cause an adjustment reducing the Conversion Price of a series of Preferred Stock below the then par value of the shares of Common Stock issuable upon conversion of such series of Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

5.7.3 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board. 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 aggregate number of shares of Common Stock issuable upon such conversion.

5.7.4 **No Further Adjustment after Conversion.** Upon any conversion of shares of Preferred Stock into Common Stock, no adjustment to the Conversion Price of the applicable series of Preferred Stock shall be made with respect to the converted shares for any declared but unpaid dividends on such series of Preferred Stock or on the Common Stock delivered upon conversion.

6. No Reissuance of Redeemed or Otherwise Acquired Preferred Stock. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights, powers and preferences granted to the holders of Preferred Stock following redemption or other acquisition by the Corporation or any of its subsidiaries of such shares.

7. Waiver. Any of the rights, powers, preferences and other terms of a series of the Preferred Stock or the Preferred Stock as a class that are set forth herein may be waived on behalf of all holders of such series of Preferred Stock or the Preferred Stock as a class by the affirmative written consent or vote of the holders of at least a majority of the shares of such series of Preferred Stock or such Preferred Stock as a class that are then outstanding, treating any convertible Preferred Stock as-if converted to Common Stock.

8. Notice of Record Date. In the event:

(a) the Corporation shall set a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or subscription right, and the amount and character of such dividend, distribution or subscription right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent (a) at least 20 days prior to the earlier of the record date or effective date for the event specified in such notice or (b) such fewer number of days as may be approved the holders of at least a majority of the outstanding shares of Preferred Stock acting as a single class on an as-converted basis.

9. Notices. Except as otherwise provided herein, any notice required or permitted by the provisions of this Article IV to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation for such holder, given by the holder to the Corporation for the purpose of notice or given by electronic transmission in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission. If no such address appears or is given, notice shall be deemed given at the place where the principal executive office of the Corporation is located.

10. Redemption. The Preferred Stock is not redeemable at the option of the holder.

ARTICLE V: PREEMPTIVE RIGHTS.

No stockholder of the Corporation shall have a right to purchase shares of capital stock of the Corporation sold or issued by the Corporation except to the extent that such a right may from time to time be set forth in a written agreement between the Corporation and any stockholder.

ARTICLE VI: STOCK REPURCHASES.

Subject to any approvals otherwise required by this Restated Certificate, any repurchases by the Corporation of shares of its capital stock may be made without regard to any preferential dividends arrear amount or any preferential rights amount (as such terms are defined in Section 500 of the Corporations Code of the State of California).

ARTICLE VII: BYLAW PROVISIONS.

A. AMENDMENT OF BYLAWS. Subject to any additional vote required by this Restated Certificate or the Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

B. NUMBER OF DIRECTORS. Subject to any additional vote required by this Restated Certificate, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

C. BALLOT. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

D. MEETINGS AND BOOKS. Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws of the Corporation.

ARTICLE VIII: DIRECTOR LIABILITY.

A. LIMITATION. To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article VIII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the 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 VIII by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

B. INDEMNIFICATION. To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the 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.

C. MODIFICATION. Any amendment, repeal or modification of the foregoing provisions of this Article VIII shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification.

ARTICLE IX: CREDITOR AND STOCKHOLDER COMPROMISES

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of §291 of Title 8 of the General Corporation Law or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under §279 of Title 8 of the General Corporation Law order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE X: CHOICE OF FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, this Restated Certificate or the Bylaws of the Corporation, (iv) any action to interpret, apply, enforce or determine the validity of this Restated Certificate or the Bylaws of the Corporation or (v) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article X.

The provisions of this Article X may only be amended or repealed by approval of (a) at least three-fifths of the Board or (b) stockholders of the Corporation holding at least two-thirds of the voting power of the Corporation's outstanding voting stock then entitled to vote at an election of directors.

* * * * *

CERTIFICATE OF AMENDMENT

OF

RESTATED CERTIFICATE OF INCORPORATION

OF

ELANCE-ODESK, INC.

Elance-oDesk, Inc., a Delaware corporation (the "**Corporation**"), does hereby certify that the following amendment to the Corporation's Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law, with the approval of such amendment by the Corporation's stockholders having been given by written consent without a meeting in accordance with Sections 228(d) and 242 of the Delaware General Corporation Law:

Article I of the Restated Certificate of Incorporation, relating to the name of the Corporation is amended to read in its entirety as follows:

"The name of this corporation is Upwork Inc. (the "**Corporation**")."

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its duly authorized officer this 28th day of April, 2015 and the foregoing facts stated herein are true and correct.

ELANCE-ODESK, INC.

By: /s/ Stephane Kasriel

Name: Stephane Kasriel

Title: Chief Executive Officer

STATE OF DELAWARE
CERTIFICATE OF CHANGE OF REGISTERED AGENT
AND/OR REGISTERED OFFICE

The corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is Upwork Inc.
2. The Registered Office of the corporation in the State of Delaware is changed to 1679 S. Dupont Hwy. Suite 100, in the City of Dover, County of Kent Zip Code 19901. The name of the Registered Agent at such address upon whom process against this Corporation may be served is Registered Agent Solutions, Inc.
3. The foregoing change to the registered office/agent was adopted by a resolution of the Board of Directors of the corporation.

By: /s/ Brian Levey
Authorized Officer

Name: Brian Levey, Secretary
Print or Type

UPWORK INC.

RESTATED CERTIFICATE OF INCORPORATION

Upwork Inc., a Delaware corporation, hereby certifies as follows:

1. The name of the corporation is Upwork Inc. The date of the filing of its original Certificate of Incorporation with the Secretary of State was December 13, 2013 under the name Runway Parent Corp.

2. The Restated Certificate of Incorporation of the corporation attached hereto as Exhibit "A", which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of this corporation as previously amended and/or restated, has been duly adopted by this corporation's Board of Directors and by the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, with the approval of the corporation's stockholders having been given by written consent without a meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this corporation has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: [__], 2018

UPWORK INC.

By: /s/ Stephane Kasriel

Name: Stephane Kasriel

Title: President and Chief Executive Officer

EXHIBIT "A"

UPWORK INC.

RESTATED CERTIFICATE OF INCORPORATION

ARTICLE I: NAME

The name of the corporation is Upwork Inc. (the "**Corporation**").

ARTICLE II: AGENT FOR SERVICE OF PROCESS

The address of the Corporation's registered office in the State of Delaware is 1679 S. Dupont Hwy., Suite 100, Dover, County of Kent, Delaware 19901. The name of the registered agent of the Corporation at that address is Registered Agent Solutions, Inc.

ARTICLE III: PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "**General Corporation Law**").

ARTICLE IV: AUTHORIZED STOCK

1. Total Authorized. The total number of shares of all classes of stock that the Corporation has authority to issue is five hundred million (500,000,000) shares, consisting of two classes: four hundred and ninety million (490,000,000) shares of Common Stock, \$0.0001 par value per share ("**Common Stock**"), and ten million (10,000,000) shares of Preferred Stock, \$0.0001 par value per share ("**Preferred Stock**").

2. Designation of Additional Series.

2.1. The Board of Directors of the Corporation (the "**Board**") is authorized, subject to any limitations prescribed by the law of the State of Delaware, to provide for the issuance of the shares of Preferred Stock in one or more series, and, by filing a Certificate of Designation pursuant to the applicable law of the State of Delaware ("**Certificate of Designation**"), to establish from time to time the number of shares to be included in each such series, to fix the designation, powers (including voting powers), preferences and relative, participating, optional or other special rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof, and, except where otherwise provided in the applicable Certificate of Designation, to thereafter increase (but not above the total number of authorized shares of the Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series. The number of authorized shares of Preferred Stock may also be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of two-thirds of the voting power of all of the then-outstanding shares of capital

stock of the Corporation entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, unless a separate vote of the holders of one or more series is required pursuant to the terms of any Certificate of Designation; *provided, however*, that if two-thirds of the Whole Board (as defined below) has approved such increase or decrease of the number of authorized shares of Preferred Stock, then only the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, without a separate vote of the holders of the Preferred Stock (unless a separate vote of the holders of one or more series is required pursuant to the terms of any Certificate of Designation), shall be required to effect such increase or decrease. For purposes of this Restated Certificate of Incorporation (as the same may be amended and/or restated from time to time, including pursuant the terms of any Certificate of Designation designating a series of Preferred Stock, this “*Certificate of Incorporation*”), the term “*Whole Board*” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

2.2 Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and any such new series may have powers, preferences and rights, including, without limitation, voting powers, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or *pari passu* with the rights of the Common Stock, any series of Preferred Stock or any future class or series of capital stock of the Corporation.

2.3 Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; *provided, however*, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation.

ARTICLE V: AMENDMENT OF BYLAWS

The Board shall have the power to adopt, amend or repeal the Bylaws of the Corporation (as the same may be amended and/or restated from time to time, the “*Bylaws*”). Any adoption, amendment or repeal of the Bylaws by the Board shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws; *provided, however*, that notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser or no vote, but in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the Bylaws; *provided further*, that, in the case of any proposed adoption, amendment or repeal of any provisions of the Bylaws that is approved by the Board and submitted to the stockholders for adoption thereby, if two-thirds of the

Whole Board has approved such adoption, amendment or repeal of any provisions of the Bylaws, then only the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws.

ARTICLE VI: MATTERS RELATING TO THE BOARD OF DIRECTORS

1. **Director Powers.** Except as otherwise provided by the General Corporation Law or this Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

2. **Number of Directors.** Subject to the special rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the total number of directors constituting the Whole Board shall be fixed from time to time exclusively by resolution adopted by a majority of the Whole Board.

3. **Classified Board.** Subject to the special rights of the holders of one or more series of Preferred Stock to elect additional directors under specified circumstances, the directors shall be divided, with respect to the time for which they severally hold office, into three classes designated as Class I, Class II and Class III, respectively (the "**Classified Board**"). The Board may assign members of the Board already in office to the Classified Board. The number of directors in each class shall be as nearly equal as is practicable. The initial term of office of the Class I directors shall expire at the Corporation's first annual meeting of stockholders following the closing of the Corporation's initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, relating to the offer and sale of Common Stock to the public (the "**Initial Public Offering**"), the initial term of office of the Class II directors shall expire at the Corporation's second annual meeting of stockholders following the closing of the Initial Public Offering and the initial term of office of the Class III directors shall expire at the Corporation's third annual meeting of stockholders following the closing of the Initial Public Offering. At each annual meeting of stockholders following the closing of the Initial Public Offering, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election.

4. **Term and Removal.** Each director shall hold office until the annual meeting at which such director's term expires and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation, disqualification or removal. Any director may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, or the Secretary. Subject to the special rights of the holders of any series of Preferred Stock, no director may be removed from the Board except for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class. In the event of any increase or decrease in the authorized number of directors, (a) each director then serving as such shall nevertheless continue as a director of the class of which he or she is a member and (b) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board among the classes of directors so as to make all classes as nearly equal in number as is practicable, provided that no decrease in the number of directors constituting the Board shall shorten the term of any director.

5. **Board Vacancies and Newly Created Directorships.** Subject to the special rights of the holders of any series of Preferred Stock, any vacancy occurring in the Board for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which the director has been assigned expires and until such director's successor shall have been duly elected and qualified, or until such director's earlier death, resignation, disqualification or removal.

6. **Vote by Ballot.** Election of directors need not be by written ballot unless the Bylaws shall so provide.

7. **Preferred Directors.** If and for so long as the holders of any series of Preferred Stock have the special right to elect additional directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation, retirement, disqualification or removal. Except as otherwise provided by the Board in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate and the total authorized number of directors of the Corporation shall be reduced accordingly.

ARTICLE VII: DIRECTOR LIABILITY

1. **Limitation of Liability.** To the fullest extent permitted by law, no director of the Corporation shall be personally liable for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.

2. **Change in Rights.** Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article VII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

ARTICLE VIII: MATTERS RELATING TO STOCKHOLDERS

- 1. No Action by Written Consent of Stockholders.** Subject to the rights of any series of Preferred Stock then outstanding, no action shall be taken by the stockholders of the Corporation except at a duly called annual or special meeting of stockholders and no action shall be taken by the stockholders of the Corporation by written consent in lieu of a meeting.
- 2. Special Meeting of Stockholders.** Special meetings of the stockholders of the Corporation may be called only by the Chairperson of the Board, the Chief Executive Officer, the Lead Independent Director (as defined in the Bylaws), the President, or the Board acting pursuant to a resolution adopted by a majority of the Whole Board and may not be called by the stockholders or any other person or persons.
- 3. Advance Notice of Stockholder Nominations and Business Transacted at Special Meetings.** Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws. Business transacted at special meetings of stockholders shall be limited to the purpose or purposes stated in the notice of meeting.

ARTICLE IX: CHOICE OF FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware, to the fullest extent permitted by law, shall be the sole and exclusive forum for: (a) any derivative action or proceeding brought on behalf of the Corporation; (b) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation's stockholders; (c) any action asserting a claim against the Corporation arising pursuant to any provision of the General Corporation Law, this Certificate of Incorporation or the Bylaws or as to which the General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; (d) any action to interpret, apply, enforce or determine the validity of this Certificate of Incorporation or the Bylaws; or (e) any action asserting a claim against the Corporation governed by the internal affairs doctrine.

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article IX.

ARTICLE X: AMENDMENT OF CERTIFICATE OF INCORPORATION

If any provision of this Certificate of Incorporation shall be held to be invalid, illegal, or unenforceable, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of this Certificate of Incorporation (including without limitation, all portions of any section of this Certificate of Incorporation containing any such provision held to be invalid, illegal, or unenforceable, which is not invalid, illegal, or unenforceable) shall remain in full force and effect.

The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all

rights conferred upon stockholders are granted subject to this reservation; *provided, however*, that, notwithstanding any provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote (but subject to Section 2 of Article IV hereof), but in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal any provision of this Certificate of Incorporation; *provided, further*, that if two-thirds of the Whole Board has approved such amendment or repeal of any provisions of this Certificate of Incorporation, then only the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class (in addition to any other vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation), shall be required to amend or repeal such provisions of this Certificate of Incorporation.

* * * * *

UPWORK INC.

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

As Adopted March 28, 2014

UPWORK INC.

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

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UPWORK INC.

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

As Adopted March 28, 2014

ARTICLE I: STOCKHOLDERS

Section 1.1: Annual Meetings. Unless members of the Board of Directors of the Corporation (the “**Board**”) are elected by written consent in lieu of an annual meeting, as permitted by Section 211 of the Delaware General Corporation Law (the “**DGCL**”) and these Bylaws, an annual meeting of stockholders shall be held for the election of directors at such date and time as the Board shall each year fix. The meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine. Any proper business may be transacted at the annual meeting.

Section 1.2: Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Chairperson of the Board, the Chief Executive Officer, the President, the holders of shares of the Corporation that are entitled to cast not less than twenty percent (20%) of the total number of votes entitled to be cast by all stockholders at such meeting, or by a majority of the “**Whole Board**,” which shall mean the total number of authorized directors, whether or not there exist any vacancies in previously authorized directorships. Special meetings may not be called by any other person or persons. If a special meeting of stockholders is called by any person or persons other than by a majority of the members of the Whole Board, then such person or persons shall request such meeting by delivering a written request to call such meeting to each member of the Board, and the Board shall then determine the time and date of such special meeting, which shall be held not more than one hundred twenty (120) days nor less than thirty-five (35) days after the written request to call such special meeting was delivered to each member of the Board. The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine.

Section 1.3: Notice of Meetings. Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by law (including, without limitation, as set forth in Section 7.1.1 of these Bylaws) stating the date, time and place, if any, of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation of the Corporation as then in effect (the “**Certificate of Incorporation**”), such notice shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

Section 1.4: Adjournments. The chairperson of the meeting shall have the power to adjourn the meeting to another time, date and place (if any). Any meeting of stockholders may adjourn from time to time, and notice need not be given of any such adjourned meeting if the time, date and 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; *provided, however,* that

if the adjournment is for more than thirty (30) days, or if a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. To the fullest extent permitted by law, the Board may postpone or reschedule any previously scheduled special or annual meeting of stockholders before it is to be held, in which case notice shall be provided to the stockholders of the new date, time and place, if any, of the meeting as provided in Section 1.3 above.

Section 1.5: Quorum. At each meeting of stockholders the holders of a majority of the voting power of the shares of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business, unless otherwise required by applicable law. If a quorum shall fail to attend any meeting, the chairperson of the meeting or the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; *provided, however,* that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum.

Section 1.6: Organization. Meetings of stockholders shall be presided over by such person as the Board may designate, or, in the absence of such a person, the Chairperson of the Board, or, in the absence of such person, the President of the Corporation, or, in the absence of such person, such person as may be chosen by the holders of a majority of the voting power of the shares entitled to vote who are present, in person or by proxy, at the meeting. Such person shall be chairperson of the meeting and, subject to Section 1.11 hereof, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7: Voting; Proxies. Each stockholder entitled to vote at a meeting of stockholders, or to take corporate action by written consent without a meeting, may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as may be required in the Certificate of Incorporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Unless otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock entitled to vote on such matter that are present in person or represented by proxy at the meeting and are voted for or against the matter.

Section 1.8: Fixing Date for Determination of Stockholders of Record.

1.8.1 **Generally.** In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or to take corporate action by written consent without a meeting, 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, except as otherwise required by law, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60), nor less than ten (10), days before the date of such meeting, nor, except as provided in Section 1.8.2 below, more than sixty (60) days prior to any other action. If no record date is fixed by the Board, then the record date shall be as provided by applicable law. To the fullest extent provided by law, 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.

1.8.2 **Stockholder Request for Action by Written Consent.** Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall, by written notice to the Secretary of the Corporation, request the Board to fix a record date for such consent. Such request shall include a brief description of the action proposed to be taken. Unless a record date has previously been fixed by the Board for the written consent pursuant to this Section 1.8, the Board shall, within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. Such record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board within ten (10) days after the date on which such a request is received, then the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation as required by law. If no record date has been fixed by the Board and prior action by the Board is required by applicable law, then the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board adopts the resolution taking such prior action.

Section 1.9: List of Stockholders Entitled to Vote. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network as permitted by law (provided that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the principal place of business of the Corporation. If the meeting is held at a location where stockholders may attend in person, the list shall also 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 at the meeting. If the meeting is held solely by means of remote communication, then the list shall 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 the list shall be provided with the notice of the meeting.

Section 1.10: Action by Written Consent of Stockholders.

1.10.1 Procedure. Unless otherwise provided by the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the 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 in the manner permitted by law by the holders of outstanding stock having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, to its principal place of business or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the agent of the Corporation's registered office in the State of Delaware shall be by hand or by certified or registered mail, return receipt requested. Written stockholder consents shall bear the date of signature of each stockholder who signs the consent in the manner permitted by law and shall be delivered to the Corporation as provided in Section 1.10.2 below. No written consent shall be effective to take the action set forth therein unless, within sixty (60) days of the earliest dated consent delivered to the Corporation in the manner required by law, written consents signed by a sufficient number of stockholders to take the action set forth therein are delivered to the Corporation in the manner required by law.

1.10.2 Form of Consent A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxy holder, or a person or persons authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed and dated for the purposes of this section, *provided* that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the Corporation can determine (a) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxy holder or by a person or persons authorized to act for the stockholder or proxy holder and (b) the date on which such stockholder or proxy holder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the Corporation or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

1.10.3 Notice of Consent. Prompt notice in accordance with Section 228 of the DGCL of the taking of corporate action by stockholders without a meeting by less than unanimous written consent of the stockholders shall be given to those stockholders who have not consented thereto 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 required by

law. If the action which is consented to is such as would have required the filing of a certificate under the DGCL if such action had been voted on by stockholders at a meeting thereof, then if the DGCL so requires, the certificate so filed shall state, in lieu of any statement required by the DGCL concerning any vote of stockholders, that written stockholder consent has been given in accordance with Section 228 of the DGCL.

Section 1.11: Inspectors of Elections.

1.11.1 Applicability. Unless otherwise required by the Certificate of Incorporation or by the DGCL, the following provisions of this Section 1.11 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.11 shall be optional, and at the discretion of the Board.

1.11.2 Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

1.11.3 Inspector's Oath. Each inspector of election, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.11.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.11.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

1.11.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with any information provided pursuant to Section 211(a)(2)(B)(i) of the DGCL, or Sections 211(e) or 212(c)(2) of the DGCL, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons

which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.11 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

ARTICLE II: BOARD OF DIRECTORS

Section 2.1: Number; Qualifications. The Board shall consist of one or more members. The initial number of directors shall be seven (7), and, thereafter, unless otherwise required by law or the Certificate of Incorporation, shall be fixed from time to time by resolution of a majority of the Whole Board or the stockholders of the Corporation holding at least a majority of the voting power of the Corporation's outstanding stock then entitled to vote at an election of directors. No decrease in the authorized number of directors constituting the Board shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2: Election; Resignation; Removal; Vacancies. The Board shall initially consist of the person or persons elected by the incorporator or named in the Corporation's initial Certificate of Incorporation. Each director shall hold office until the next annual meeting of stockholders and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal. Any director may resign at any time upon written notice to the Corporation. Subject to the rights of any holders of Preferred Stock then outstanding: (a) 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 and (b) any vacancy occurring in the Board for any reason, and any newly created directorship resulting from any increase in the authorized number of directors to be elected by all stockholders having the right to vote as a single class, may be filled by the stockholders, by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

Section 2.3: Regular Meetings. Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

Section 2.4: Special Meetings. Special meetings of the Board may be called by the Chairperson of the Board, the President or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile, electronic mail or other means of electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: Remote Meetings Permitted. Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 2.6: Quorum; Vote Required for Action. Subject to Section 2.2 above regarding the ability of the members of the Board to fill a vacancy on the Board, at all meetings of the Board a majority of the total number of duly elected directors then in office (but in no case less than 1/3 of the total number of the Whole Board) shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time without further notice thereof. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 2.7: Organization. Meetings of the Board shall be presided over by the Chairperson of the Board, or in such person's absence by the President, or in such person's absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8: Written Action by Directors. 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 such 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, respectively, in the minute books of the Corporation. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9: Powers. The Board may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and manage and direct all such acts and things as may be exercised or done by the Corporation.

Section 2.10: Compensation of Directors. Members of the Board, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

ARTICLE III: COMMITTEES

Section 3.1: Committees. 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 the committee, the member or members thereof present at any meeting of such committee who are 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 place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, 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 in reference to the following matters: (a) approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

Section 3.2: Committee Rules. Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV: OFFICERS

Section 4.1: Generally. The officers of the Corporation shall consist of a Chief Executive Officer (who may be the Chairperson of the Board and/or the President), a Secretary and a Treasurer and may consist of such other officers, including a Chief Financial Officer, Chief Technology Officer and one or more Vice Presidents, as may from time to time be appointed by the Board. All officers shall be elected by the Board; *provided, however,* that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chairperson of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Each officer shall hold office until such person's successor is appointed or until such person's earlier resignation, death or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to the Corporation. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board.

Section 4.2: Chief Executive Officer. Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

- (a) To act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;
- (b) Subject to Article I, Section 1.6, to preside at all meetings of the stockholders;
- (c) Subject to Article I, Section 1.2, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and
- (d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board has not designated any other officer to be the Chief Executive Officer, then the Chairperson of the Board shall be the Chief Executive Officer.

Section 4.3: Chairperson of the Board. The Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Bylaws and as the Board may from time to time prescribe.

Section 4.4: President. The Chief Executive Officer shall be the President of the Corporation unless the Board shall have designated one individual as the President and a different individual as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

Section 4.5: Vice President. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

Section 4.6: Chief Financial Officer. The Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer.

Section 4.7: Treasurer. The Treasurer shall have custody of all moneys and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.8: Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.9: Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 4.10: Removal. Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; provided that if the Board has empowered the Chief Executive Officer to appoint any Vice Presidents of the Corporation, then such Vice Presidents may be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V: STOCK

Section 5.1: Certificates. The shares of capital stock of the Corporation shall be represented by certificates; *provided, however*, that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the adoption of such resolution by the Board, every holder of stock that is a certificated security 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 a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the number of shares owned by such stockholder in the Corporation. 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 shall have 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 such person were an officer, transfer agent or registrar at the date of issue. If any holder of uncertificated shares elects to receive a certificate, the Corporation (or the transfer agent or registrar, as the case may be) shall, to the extent permitted under applicable law and rules, regulations and listing requirements of any stock exchange or stock market on which the Corporation's shares are listed or traded, cease to provide annual statements indicating such holder's holdings of shares in the Corporation.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock, or uncertificated shares, in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or 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.

Section 5.3: Other Regulations. The issue, transfer, conversion and registration of stock certificates and uncertificated securities shall be governed by such other regulations as the Board may establish.

ARTICLE VI: INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “**Proceeding**”), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a member of the Board or officer of the Corporation or a Reincorporated Predecessor (as defined below) or is or was serving at the request of the Corporation or a Reincorporated Predecessor as a member of the board of directors, officer or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (for purposes of this Article VI, an “**Indemnitee**”), shall be indemnified and held harmless by the Corporation to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, provided such Indemnitee acted in good faith and in a manner that the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or Proceeding, had no reasonable cause to believe the Indemnitee’s conduct was unlawful. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer and shall inure to the benefit of such Indemnitees’ heirs, executors and administrators. Notwithstanding the foregoing, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board. As used herein, the term the “**Reincorporated Predecessor**” means a corporation that is merged with and into the Corporation in a statutory merger where (a) the Corporation is the surviving corporation of such merger; (b) the primary purpose of such merger is to change the corporate domicile of the Reincorporated Predecessor to Delaware.

Section 6.2: Advance of Expenses. The Corporation shall pay all expenses (including attorneys’ fees) incurred by such an Indemnitee in defending any such Proceeding as they are incurred in advance of its final disposition; *provided, however*, that (a) if the DGCL then so requires, the payment of such expenses incurred by such an Indemnitee in advance of the final disposition of such Proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it should be determined ultimately by final judicial decision from which there is no appeal that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise; and (b) the Corporation shall not be required to advance any expenses to a person against whom the Corporation directly brings a claim, in a Proceeding, alleging that such person has breached such person’s duty of loyalty to the Corporation, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

Section 6.3: Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4: Indemnification Contracts. The Board is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Right of Indemnitee to Bring Suit. The following shall apply to the extent not in conflict with any indemnification contract provided for in Section 6.4 above.

6.5.1 **Right to Bring Suit.** If a claim under Section 6.1 or 6.2 of this Article VI is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (a) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (b) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Indemnitee has not met any applicable standard for indemnification set forth in applicable law.

6.5.2 **Effect of Determination.** Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 **Burden of Proof.** In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

Section 6.6: Nature of Rights. The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

ARTICLE VII: NOTICES

Section 7.1: Notice.

7.1.1 **Form and Delivery.** Except as otherwise specifically required in these Bylaws (including, without limitation, Section 7.1.2 below) or by law, all notices required to be given pursuant to these Bylaws shall be in writing and may, (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid telegram, cablegram, overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively be delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 7.1.2 of this Article VII by sending such notice by telegram, cablegram, facsimile, electronic mail or other form of electronic transmission. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, (c) in the case of delivery by overnight express courier, when dispatched, and (d) in the case of delivery via telegram, cablegram, facsimile, electronic mail or other form of electronic transmission, when dispatched.

7.1.2 **Electronic Transmission.** Without limiting the manner by which notice otherwise may be given effectively to stockholders, 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 in accordance with Section 232 of the DGCL. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (a) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (b) 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; *provided, however*, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.1.2 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 such posting and the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

7.1.3 Affidavit of Giving Notice. 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 in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2: 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 of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, 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, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII: INTERESTED DIRECTORS

Section 8.1: Interested Directors. No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders.

Section 8.2: Quorum. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE IX: MISCELLANEOUS

Section 9.1: Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board.

Section 9.2: Seal. The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

Section 9.3: Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of, diskettes, CDs, or any other information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 9.4: Reliance upon Books and Records. A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5: Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6: Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

ARTICLE X: TRANSFERS OF CAPITAL STOCK

Section 10.1: Restriction on Transfer.

10.1.1 No holder ("**Stockholder**") of shares of capital stock of the Corporation ("**Shares**") may transfer, sell, assign, pledge, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, or otherwise in any manner dispose of or encumber, whether voluntarily or by operation of law, or by gift or otherwise ("**transfer**"), Shares or any right or interest therein without the prior written consent of the Corporation, in its sole discretion, and such holder otherwise complying with the requirements of this Article X.

10.1.2 The restriction contained in subsection 10.1.1 shall not apply to the following transactions:

(i) the transfer of any or all of the Shares during Stockholder's lifetime or on Stockholder's death by gift, will or intestacy to Stockholder's Immediate Family or a trust for the benefit of Stockholder or Stockholder's immediate family, where "**immediate family**" as used herein shall mean spouse, Spousal Equivalent, lineal descendant or antecedent, parent, sibling, stepchild, stepparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law (and for avoidance of doubt shall include adoptive relationships), and where a person is deemed to be a "**Spousal Equivalent**" provided the following circumstances are true: (a) irrespective of whether or not the

relevant person and the Spousal Equivalent are the same sex, they are the sole spousal equivalent of the other for the last twelve (12) months, (b) they intend to remain so indefinitely, (c) neither are married to anyone else, (d) both are at least 18 years of age and mentally competent to consent to contract, (e) they are not related by blood to a degree of closeness that which would prohibit legal marriage in the state in which they legally reside, (f) they are jointly responsible for each other's common welfare and financial obligations, and (g) they reside together in the same residence for the last twelve (12) months and intend to do so indefinitely;

(ii) if the Stockholder is a partnership, limited liability company or a corporation, no more than five (5) transfers to an Affiliate (as defined below) of such partnership, limited liability company or corporation;

(iii) a corporate stockholder's transfer of all of its shares to a single transferee pursuant to and in accordance with the terms of any *bona fide* merger, consolidation, reclassification of shares or capital reorganization of the corporate stockholder, or pursuant to a *bona fide* sale of all or substantially all of the stock or assets of a corporate stockholder, provided in each case that such transfer is not essentially simply a transfer of the Shares without substantial additional assets other than cash or cash equivalents being transferred;

(iv) any transfer or deemed transfer effected pursuant to the Stockholder's will or the laws of intestate succession;

(v) any transfer or deemed transfer to the Corporation and/or its assignee(s) effected pursuant to the Corporation's redemption rights, Right of First Refusal and/or right of repurchase;

(vi) if the Stockholder is an Advisory Client, the transfer to another Advisory Client. "**Advisory Client**" shall mean an investment company registered under the Investment Company Act of 1940, a pooled investment vehicle or an institutional separate account, in each case advised by an investment advisor that has sole investment authority therefor and is registered under the Investment Advisers Act of 1940. For purposes of clarity, an Advisory Client shall not mean a retail brokerage account irrespective of whether the broker is also a registered investment advisor; and/or

(vii) any transfer or deemed transfer approved by a majority of the disinterested members of the Board, even though the disinterested directors are less than a quorum.

provided, however, that each transferee, assignee, or other recipient of any interest in the Shares shall, as a condition to the transfer, agree to be bound by all of the restrictions set forth in these Bylaws.

10.1.3 In the case of any transfer to which the Corporation has consented or that is described in subsection 10.1.2 above, the transferee, assignee, or other recipient shall receive and hold the Shares subject to the provisions of this Section 10.1, and there shall be no further transfer of such stock except in accordance with this Section 10.1.

10.1.4 As a condition to any transfer, the Corporation may, in its sole discretion, (i) require in connection with such transfer of Shares delivery to the Corporation of a written opinion of legal counsel, in form and substance satisfactory to it or its legal counsel in their respective discretion, that such transfer is exempt from applicable federal, state or other securities laws and regulations (a “**Legal Opinion**”), (ii) charge the transferor, transferee or both an aggregate transfer fee of \$5,000 per transferee per transfer (or such other amount as the Corporation may reasonably determine in order to recoup its internal and external costs of processing such transfer as determined by the Corporation’s management), due and payable to the Corporation prior to or upon effectiveness of such transfer, and/or (iii) require such transfer to be effected pursuant to a standard form of transfer agreement in such customary and reasonable form as may be determined by the Corporation’s management from time to time in its discretion.

10.1.5 In addition to and without limiting the effect of the restrictions on transfer set forth in Section 10.1.1, no Stockholder may transfer any Shares of the Corporation’s Series A-1 Preferred Stock or Series A-2 Preferred Stock, or any right or interest therein, unless such Stockholder transfers such Stockholder’s shares of Series A-1 Preferred Stock and Series A-2 Preferred Stock in equal proportions (i.e., if a Stockholder transfers half of the shares of Series A-1 Preferred Stock held by such Stockholder, such Stockholder shall also transfer half of the shares of Series A-2 Preferred Stock held by such Stockholder).

Section 10.2: Right of First Refusal.

10.2.1 In addition to and without limiting the effect of Section 10.1, if the stockholder desires to transfer any of his Shares pursuant to Section 10.1.2(vii) above, then the stockholder shall first give written notice thereof to the Corporation. The notice shall (i) name the proposed transferee, (ii) state (a) the number of shares to be transferred, (b) the proposed consideration and (c) all other terms and conditions of the proposed transfer, (iii) be signed by such stockholder and the proposed purchaser or transferee, (iv) must constitute a binding commitment subject to the Corporation’s right of first refusal as set forth herein, (v) be accompanied by proof satisfactory to the Corporation or its legal counsel that the proposed sale or transfer will not violate any applicable U.S. federal, state or other securities laws, and (vi) offer the Shares at the same price and upon the same terms (or terms as similar as reasonably possible) to the Corporation or its assignee(s). The notice shall not be deemed delivered for purposes of this Section 10.2 until the later of (i) such time as the stockholder shall have delivered the foregoing notice to the Corporation, (ii) such time as any Legal Opinion that may be required pursuant to subsection 10.1.4(i) shall have been delivered to the Corporation, (iii) such time as an officer of the Corporation shall have confirmed in writing (including via email) that no such Legal Opinion shall be required with respect to the proposed transfer (or is not required to be delivered until a time reasonably in advance of the consummation of the proposed transfer).

10.2.2 For thirty (30) days following receipt of such notice, the Corporation and/or its assignee shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms (or terms as similar as reasonably possible) set forth in such notice; provided, however, that, with the consent of the stockholder, the Corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Section 10.2, the price shall be deemed to be the fair market

value of the stock at such time as determined in good faith by the Board. In the event the Corporation elects to purchase all of the shares or, with consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in the next paragraph.

10.2.3 In the event the Corporation and/or its assignee(s) elect to acquire any of the shares of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the Corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within sixty (60) days after the Secretary of the Corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the Corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

10.2.4 In the event the Corporation and/or its assignees(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, within the sixty (60)-day period following the expiration of the option rights granted to the Corporation and/or its assignees(s) herein, transfer the shares specified in said transferring stockholder's notice which were not acquired by the Corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of these Bylaws in the same manner as before said transfer.

10.2.5 Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this Section 10.2:

(i) a stockholder's transfer of any or all shares held either during such stockholder's lifetime or on death by will or intestacy to such stockholder's immediate family or to any custodian or trustee for the account of such stockholder or such stockholder's immediate family or to any limited partnership of which the stockholder members of such stockholder's immediate family or any trust for the account of such stockholder or such stockholder's immediate family will be the sole general or limited partner(s) of such partnership;

(ii) a stockholder's transfer of any or all of such stockholder's Shares to the Corporation or to any other stockholder of the Corporation;

(iii) a corporate stockholder's transfer of Shares to any or all of its stockholders without receipt of consideration in exchange therefor;

(iv) a transfer of any or all of such stockholder's Shares by a stockholder that is a limited or general partnership to any or all of its partners or former partners or a transfer by a stockholder which is a limited liability company to any or all of its members or former members without receipt of consideration in exchange therefor;

(v) a corporate stockholder's transfer of any or all of its shares pursuant to and in accordance with the terms of any *bona fide* merger, consolidation, reclassification of shares or capital reorganization of the corporate stockholder, or pursuant to a *bona fide* sale of all or substantially all of the stock or assets of a corporate stockholder, provided in each case that transaction is not for the primary purpose of transferring the Shares and that such transfer is not essentially simply a transfer of the Shares without substantial additional assets other than cash or cash equivalents being transferred;

(vi) if the Stockholder is an Advisory Client, the transfer to another Advisory Client; or

(vii) if the Stockholder is a partnership, limited liability company or a corporation, no more than five (5) transfers to an Affiliate of such partnership, limited liability company or corporation.

Section 10.3: Application; Waiver; Termination of Rights; Legend.

10.3.1 In the case of any transfer permitted hereunder (whether by consent or via an exemption), the transferee, assignee or other recipient shall receive and hold such stock subject to the provisions of these Bylaws, and there shall be no further transfer of such stock except in accord with these Bylaws. Any proposed transfer on terms and conditions different from those set forth in the notice described in subsection 10.2.1, as well as any subsequent proposed transfer shall again be subject to the foregoing restrictions on transfer, including the Corporation's right of first refusal, and shall require compliance with the procedures described in Sections 10.1 and 10.2.

10.3.2 The provisions of this Article X may be waived with respect to any transfer either by the Corporation, upon duly authorized action of its Board, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the Corporation (excluding the votes represented by those shares to be transferred by the transferring stockholder); provided, however, that such restrictions shall continue to apply to the Shares subsequent to such transfer; provided further that the Board may delegate the power to make any decision to consent to a transfer under Section 10.1 or waive the right of first refusal on behalf of the Corporation under Section 10.2 to either the Corporation's Chief Executive Officer or a committee of executive officers of the Corporation as the Board may determine (subject to such limitations as the Board may determine, if any).

10.3.3 Any sale or transfer, or purported sale or transfer, of securities of the Corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

10.3.4 The restrictions on transfer in Sections 10.1 and 10.2 shall terminate upon the earlier to occur of (i) the closing of a Deemed Liquidation Event (as such term is defined in the Certificate of Incorporation, as amended, or amended and restated, from time to time); or (ii) immediately prior to the closing of a firm commitment underwritten public offering of common stock pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended (the "**Securities Act**"). Upon termination of such restrictions, a new certificate or certificates representing the Shares not repurchased shall be issued, on request, without the legend referred to in subsection 10.3.5 below and delivered to each stockholder.

10.3.5 The certificates representing shares of stock of the Corporation shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS PROVIDED IN THE BYLAWS OF THE CORPORATION.”

Section 10.4: Market Standoff Restriction. During the Standoff Period, no stockholder will, without the prior written consent of the Corporation or the managing underwriter,

(a) 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 (directly or indirectly) for common stock, held immediately before the effective date of the registration statement for such offering; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of common stock or other securities, in cash, or otherwise.

For purposes of this Section 10.4, the term “Corporation” shall include any wholly-owned subsidiary of the Corporation into which the Corporation merges or consolidates. In order to enforce the foregoing covenant, the Corporation shall have the right to place restrictive legends on the certificates representing the shares subject to this Section 10.4 and to impose stop transfer instructions with respect to such shares until the end of such period. The underwriters in connection with such registration are intended third-party beneficiaries of this Section 10.4 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Each stockholder will execute such agreements as may be reasonably requested by the Corporation or the underwriters in connection with such registration that are consistent with this Section 10.4 or that are necessary to give further effect thereto.

As used in this Section 10.4, “*Standoff Period*” means the period commencing on the date of the final prospectus relating to an underwritten public offering of the Corporation’s common stock under the Securities Act and ending on the date specified by the Corporation and the managing underwriter (such period not to exceed one hundred eighty (180) days). Notwithstanding the foregoing, if during the last 17 days of such period, the Corporation issues an earnings release or material news or a material event relating to the Corporation occurs, or prior to the expiration of the restricted period the Corporation announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the Corporation or the managing underwriter, to the extent required by any FINRA rules, the period set forth in the previous sentence shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement.

Section 10.5: Sale Transactions

10.5.1 **Definitions.** For purposes of this Section 10.5, (i) a “**Person**” shall mean an individual, firm, corporation, partnership, association, limited liability company, trust or any other entity; and (ii) a Person shall be deemed an “**Affiliate**” of another Person who, directly or indirectly, controls, is controlled by or is under common control with such Person or such Person’s principal including, without limitation, any general partner, managing member, managing partner, officer or director of such Person, such Person’s principal 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 Person or such Person’s principal. For purposes of this definition, the terms “**controlling**,” “**controlled by**,” or “**under common control with**” shall mean the possession, directly or indirectly, of (a) the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise, or (b) the power to elect or appoint at least 50% of the directors, managers, general partners, or persons exercising similar authority with respect to such Person.

10.5.2 **Transfer Restrictions and Actions to be Taken Upon a Stock Sale.** In the event that (i) the Board, (ii) the holders of a majority of the shares of common stock of the Corporation (“**Common Stock**”) then issued or issuable upon conversion of the shares of then outstanding Preferred Stock of the Corporation (“**Preferred Stock**”) (the “**Selling Investors**”), and (iii) the holders of a majority of the then outstanding shares of Common Stock (other than those issued or issuable upon conversion of the shares of Preferred Stock) held by holders who are then employees or directors of the Corporation or former executive employees of the Corporation who are then providing service to the Corporation approve a Sale of the Company approve a transaction or series of related transactions in which a Person, or a group of related Persons, acquires or proposes to acquire from stockholders of the Corporation shares representing more than fifty percent (50%) of the outstanding voting power of the Corporation (a “**Stock Sale**”) in writing, specifying that this Section 10.5.2 shall apply to such transaction, then each Stockholder hereby agrees:

(i) to tender and/or sell the same proportion of shares of capital stock of the Corporation beneficially held by such Stockholder as is being sold by the Selling Investors to the Person to whom the Selling Investors propose to sell their Shares, and, except as permitted in Section 10.5.4 below, on the same terms and conditions as the Selling Investors;

(ii) to execute and deliver all related documentation and take such other action in support of the Stock Sale as shall reasonably be requested by the Corporation or the Selling Investors in order to carry out the terms and provision of this Section 10.5, including without limitation executing and delivering instruments of conveyance and transfer, and any purchase agreement, merger agreement, indemnity agreement, escrow agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances) and any similar or related documents;

(iii) not to deposit, and to cause their Affiliates not to deposit, except as provided in these Bylaws, any Shares of the Corporation owned by such party or Affiliate in a voting trust or subject any Shares to any arrangement or agreement with respect to the voting of such Shares, unless specifically requested to do so by the acquiror in connection with the Stock Sale;

(iv) to refrain from exercising any dissenters’ rights or rights of appraisal under applicable law at any time with respect to such Stock Sale;
and

(v) if the consideration to be paid in exchange for the Shares pursuant to this Section 10.5.2 includes any securities and due receipt thereof by any Stockholder would require under applicable law (x) the registration or qualification of such securities or of any person as a broker or dealer or agent with respect to such securities or (y) the provision to any Stockholder of any information other than such information as a prudent issuer would generally furnish in an offering made solely to “accredited investors” as defined in Regulation D promulgated under the Securities Act, the Corporation may cause to be paid to any such Stockholder in lieu thereof, against surrender of the Shares which would have otherwise been sold by such Stockholder, an amount in cash equal to the fair value (as determined in good faith by the Corporation) of the securities which such Stockholder would otherwise receive as of the date of the issuance of such securities in exchange for the Shares.

10.5.3 Transfer Restrictions and Actions to be Taken Upon a Deemed Liquidation Event. In the event that (i) the Board, (ii) the Selling Investors, and (iii) the holders of a majority of the then outstanding shares of Common Stock (other than those issued or issuable upon conversion of the shares of Preferred Stock) held by holders who are then employees or directors of the Corporation or former executive employees of the Corporation who are then providing service to the Corporation approve a transaction that qualifies as a “Deemed Liquidation Event” as defined in the Certificate of Incorporation (a “**Deemed Liquidation Event**”) in writing, specifying that this Section 10.5.3 shall apply to such transaction, then each Stockholder hereby agrees:

(i) if such transaction requires stockholder approval, with respect to all Shares that such Stockholder owns or over which such Stockholder otherwise exercises voting power, to vote (in person, by proxy or by action by written consent, as applicable) all Shares in favor of, and adopt, such Stock Sale (together with any related amendment to the Certificate of Incorporation required in order to implement such Stock Sale) and to vote in opposition to any and all other proposals that could reasonably be expected to delay or impair the ability of the Corporation to consummate such Sale of the Corporation;

(ii) to execute and deliver all related documentation and take such other action in support of the Deemed Liquidation Event as shall reasonably be requested by the Corporation or the Selling Investors in order to carry out the terms and provision of this Section 10.5, including without limitation executing and delivering instruments of conveyance and transfer, and any purchase agreement, merger agreement, indemnity agreement, escrow agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances) and any similar or related documents;

(iii) not to deposit, and to cause their Affiliates not to deposit, except as provided in this Agreement, any Shares of the Corporation owned by such party or Affiliate in a voting trust or subject any Shares to any arrangement or agreement with respect to the voting of such Shares, unless specifically requested to do so by the acquiror in connection with the Deemed Liquidation Event;

(iv) to refrain from exercising any dissenters’ rights or rights of appraisal under applicable law at any time with respect to such Deemed Liquidation Event; and

(v) if the consideration to be paid in exchange for the Shares pursuant to this Section 10.5.3 includes any securities and due receipt thereof by any Stockholder would require under applicable law (x) the registration or qualification of such securities or of any person as a broker or dealer or agent with respect to such securities or (y) the provision to any Stockholder of any information other than such information as a prudent issuer would generally furnish in an offering made solely to “accredited investors” as defined in Regulation D promulgated under the Securities Act, the Corporation may cause to be paid to any such Stockholder in lieu thereof, against surrender of the Shares which would have otherwise been sold by such Stockholder, an amount in cash equal to the fair value (as determined in good faith by the Corporation) of the securities which such Stockholder would otherwise receive as of the date of the issuance of such securities in exchange for the Shares.

10.5.4. Exceptions. Notwithstanding the foregoing, a Stockholder will not be required to comply with Sections 10.5.2 or 10.5.3 above in connection with any proposed Stock Sale or Deemed Liquidation Event (the “**Proposed Sale**”) unless:

(i) any representations and warranties to be made by such Stockholder in connection with the Proposed Sale are limited to representations and warranties related to authority, ownership and the ability to convey title to such Shares, including but not limited to representations and warranties that (i) the Stockholder holds all right, title and interest in and to the Shares such Stockholder purports to hold, free and clear of all liens and encumbrances, (ii) the obligations of the Stockholder in connection with the transaction have been duly authorized, if applicable, (iii) the documents to be entered into by the Stockholder have been duly executed by the Stockholder and delivered to the acquirer and are enforceable against the Stockholder in accordance with their respective terms and (iv) neither the execution and delivery of documents to be entered into in connection with the transaction, nor the performance of the Stockholder’s obligations thereunder, will cause a breach or violation of the terms of any agreement, law or judgment, order or decree of any court or governmental agency;

(ii) the Stockholder shall not be liable for the inaccuracy of any representation or warranty made by any other Person in connection with the Proposed Sale, other than the Corporation (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Corporation as well as breach by any stockholder of any of identical representations, warranties and covenants provided by all stockholders);

(iii) the liability for indemnification, if any, of such Stockholder in the Proposed Sale and for the inaccuracy of any representations and warranties made by the Corporation in connection with such Proposed Sale, is several and not joint with any other Person (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Corporation as well as breach by any stockholder of any of identical representations, warranties and covenants provided by all stockholders), and is pro rata in proportion to the amount of consideration paid to such Stockholder in connection with such Proposed Sale (in accordance with the provisions of the Certificate of Incorporation);

(iv) liability shall be limited to such Stockholder's applicable share (determined based on the respective proceeds payable to each Stockholder in connection with such Proposed Sale in accordance with the provisions of the Certificate of Incorporation) of a negotiated aggregate indemnification amount that applies equally to all Stockholders but that in no event exceeds the amount of consideration otherwise payable to such Stockholder in connection with such Proposed Sale, except with respect to claims related to fraud by such Stockholder, the liability for which need not be limited as to such Stockholder;

(v) upon the consummation of the Proposed Sale, (i) each holder of each class or series of the Corporation's stock will receive the same form of consideration for their shares of such class or series as is received by other holders in respect of their shares of such same class or series of stock, (ii) each holder of a series of Preferred Stock will receive the same amount of consideration per share of such series of Preferred Stock as is received by other holders in respect of their shares of such same series, (iii) each holder of Common Stock will receive the same amount of consideration per share of Common Stock as is received by other holders in respect of their shares of Common Stock, and (iv) unless the holders of a majority of the outstanding shares of Preferred Stock (voting together as a single class on an as converted basis) elect otherwise by written notice given to the Corporation at least five days prior to the effective date of any such Proposed Sale, the aggregate consideration receivable by all holders of the Preferred Stock and Common Stock shall be allocated among the holders of Preferred Stock and Common Stock on the basis of the relative liquidation preferences to which the holders of each respective series of Preferred Stock and the holders of Common Stock are entitled in a Deemed Liquidation Event (assuming for this purpose that the Proposed Sale is a Deemed Liquidation Event) in accordance with the Certificate of Incorporation in effect immediately prior to the Proposed Sale; and

(vi) subject to clause (v) above, requiring the same form of consideration to be available to the holders of any single class or series of capital stock, if any holders of any capital stock of the Corporation are given an option as to the form and amount of consideration to be received as a result of the Proposed Sale, all holders of such capital stock will be given the same option.

10.5.5 Restrictions on Sales of Control of the Corporation. No Stockholder shall be a party to any Stock Sale unless all holders of Preferred Stock are allowed to participate in such transaction and the consideration received pursuant to such transaction is allocated among the parties thereto in the manner specified in the Certificate of Incorporation in effect immediately prior to the Stock Sale (as if such transaction were a Deemed Liquidation Event), unless the holders of a majority of the outstanding shares of Preferred Stock (voting together as a single class on an as converted basis) elect otherwise by written notice given to the Corporation at least five days prior to the effective date of any such transaction or series of related transactions.

ARTICLE XI: EXCLUSIVE FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by,

any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or the Corporation's certificate of incorporation or Bylaws, (iv) any action to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or Bylaws or (v) any action asserting a claim governed by the internal affairs doctrine. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of Article X and this Article XI.

The provisions of this Article XI may only be amended or repealed by approval of (a) at least three-fifths of the Board of Directors or (b) stockholders of the Corporation holding at least two-thirds of the voting power of the Corporation's outstanding voting stock then entitled to vote at an election of directors.

ARTICLE XII: AMENDMENT

Unless otherwise required by the Certificate of Incorporation, stockholders of the Corporation holding at least a majority of the voting power of the Corporation's outstanding voting stock then entitled to vote at an election of directors shall have the power to adopt, amend or repeal Bylaws, except as provided in the Certificate of Incorporation and Article XI of the Bylaws. To the extent provided in the Certificate of Incorporation, the Board shall also have the power to adopt, amend or repeal Bylaws of the Corporation, subject to Article XI of the Bylaws.

**CERTIFICATION OF AMENDED AND RESTATED BYLAWS
OF
UPWORK INC.**

a Delaware Corporation

I, Brian Levey, certify that I am Secretary of Upwork Inc., a Delaware corporation (the "**Corporation**"), that I am duly authorized to make and deliver this certification, that the attached Amended and Restated Bylaws are a true and complete copy of the Amended and Restated Bylaws of the Corporation in effect as of the date of this certificate.

Dated: May 5, 2015

/s/ Brian Levey

Brian Levey, Secretary

UPWORK INC.

(a Delaware corporation)

RESTATED BYLAWS

As Adopted [●], 2018 and

As Effective [●], 2018

UPWORK INC.

(a Delaware corporation)

RESTATED BYLAWS

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UPWORK INC.

(a Delaware corporation)

RESTATED BYLAWS

As Adopted [●], 2018 and

As Effective [●], 2018

ARTICLE I: STOCKHOLDERS

Section 1.1: Annual Meetings. If required by applicable law, an annual meeting of stockholders shall be held for the election of directors at such date and time as the Board of Directors (the “**Board**”) of Upwork Inc. (the “**Corporation**”) shall each year fix. The meeting may be held either at a place, within or without the State of Delaware as permitted by the Delaware General Corporation Law (the “**DGCL**”), or by means of remote communication as the Board in its sole discretion may determine. Any proper business may be transacted at the annual meeting.

Section 1.2: Special Meetings. Special meetings of stockholders for any purpose or purposes shall be called in the manner set forth in the Restated Certificate of Incorporation of the Corporation (as the same may be amended and/or restated from time to time, the “**Certificate of Incorporation**”). The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of the meeting.

Section 1.3: Notice of Meetings. Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by applicable law (including, without limitation, as set forth in Section 7.1.1 of these Bylaws) stating the date, time and place, if any, 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 the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting). In the case of a special meeting, such notice shall also set forth the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation, notice of any meeting of stockholders shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

Section 1.4: Adjournments. Notwithstanding Section 1.5 of these Bylaws, the chairperson of the meeting shall have the power to adjourn the meeting to another time, date and place (if any), regardless of whether quorum is present, at any time and for any reason. Any meeting of stockholders, annual or special, may be adjourned from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and 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 adjourned meeting are announced at the meeting at which the adjournment is taken; *provided, however*, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to

vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting. If a quorum is present at the original meeting, it shall also be deemed present at the adjourned meeting. To the fullest extent permitted by law, the Board may postpone, reschedule or cancel at any time and for any reason any previously scheduled special or annual meeting of stockholders before it is to be held, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 1.3 hereof or otherwise, in which case notice shall be provided to the stockholders of the new date, time and place, if any, of the meeting as provided in Section 1.3 above.

Section 1.5: Quorum. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the holders of a majority of the voting power of the shares of stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business; *provided, however*, that where a separate vote by a class or classes or series of stock is required by applicable law or the Certificate of Incorporation, the holders of a majority of the voting power of the shares of such class or classes or series of the stock issued and outstanding and entitled to vote on such matter, present in person or represented by proxy at the meeting, shall constitute a quorum entitled to take action with respect to the vote on such matter. If a quorum shall fail to attend any meeting, the chairperson of the meeting or, if directed to be voted on by the chairperson of the meeting, the holders of a majority of the voting power of the shares entitled to vote who are present in person or represented by proxy at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; *provided, however*, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

Section 1.6: Organization. Meetings of stockholders shall be presided over by (a) such person as the Board may designate, or (b) in the absence of such a person, the Chairperson of the Board, or (c) in the absence of such person, the Lead Independent Director, or, (d) in the absence of such person, the Chief Executive Officer of the Corporation, or (e) in the absence of such person, the President of the Corporation, or (f) in the absence of such person, by a Vice President. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7: Voting; Proxies. Each stockholder of record entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as may be required in the Certificate of Incorporation, directors shall be elected by a plurality of the votes cast by the holders of the shares present in person or represented by proxy at

the meeting and entitled to vote on the election of directors. At all meetings of stockholders at which a quorum is present, unless a different or minimum vote is required by applicable law, rule or regulation applicable to the Corporation or its securities, the rules or regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation or these Bylaws, in which case such different or minimum vote shall be the applicable vote on the matter, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock entitled to vote on such matter that are present in person or represented by proxy at the meeting and are voted for or against the matter (or if there are two or more classes or series of stock entitled to vote as separate classes, then in the case of each class or series, the holders of a majority of the voting power of the shares of stock of that class or series present in person or represented by proxy at the meeting voting for or against such matter).

Section 1.8: Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at 5:00 p.m. Eastern Time on the day next preceding the day on which notice is given, or, if notice is waived, at 5:00 p.m. Eastern Time on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however,* that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

In order that the Corporation may determine the stockholders 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 shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60) days prior to such action. If no such record date is fixed by the Board, then the record date for determining stockholders for any such purpose shall be at 5:00 p.m. Eastern Time on the day on which the Board adopts the resolution relating thereto.

Section 1.9: List of Stockholders Entitled to Vote. The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting (*provided, however,* if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (a)

on a reasonably accessible electronic network as permitted by applicable law (*provided* that the information required to gain access to the list is provided with the notice of the meeting), or (b) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is held at a location where stockholders may attend in person, a list of stockholders entitled to vote at the meeting shall also 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 at the meeting. If the meeting is held solely by means of remote communication, then the list shall 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 the list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.9 or to vote in person or by proxy at any meeting of stockholders.

Section 1.10: Inspectors of Elections.

1.10.1 Applicability. Unless otherwise required by the Certificate of Incorporation or by applicable law, the following provisions of this Section 1.10 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.10 shall be optional, and at the discretion of the Board.

1.10.2 Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

1.10.3 Inspector's Oath. Each inspector of election, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.10.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.10.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

1.10.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies pursuant to Section 211(a)(2)b.(i) of the DGCL, or in accordance with Sections 211(e) or 212(c)(2) of the DGCL, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.10 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.11: Conduct of Meetings. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the person presiding over any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) limitations on the time allotted to questions or comments by participants; (vi) restricting the use of audio/video recording devices and cell phones; and (vii) complying with any state and local laws and regulations concerning safety and security. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.12: Notice of Stockholder Business; Nominations.

1.12.1 Annual Meeting of Stockholders.

(a) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only: (i) pursuant to the Corporation's notice of such meeting (or any supplement thereto), (ii) by or at the direction of the Board or any committee thereof or (iii) by any stockholder of the Corporation who

was a stockholder of record at the time of giving of the notice provided for in this Section 1.12 (the “**Record Stockholder**”), who is entitled to vote at such meeting and who complies with the notice and other procedures set forth in this Section 1.12 in all applicable respects. For the avoidance of doubt, the foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation’s proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the “**Exchange Act**”), at an annual meeting of stockholders, and such stockholder must fully comply with the notice and other procedures set forth in this Section 1.12 to make such nominations or propose business before an annual meeting.

(b) For nominations or other business to be properly brought before an annual meeting by a Record Stockholder pursuant to Section 1.12.1(a) of these Bylaws:

(i) the Record Stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and provide any updates or supplements to such notice at the times and in the forms required by this Section 1.12;

(ii) such other business (other than the nomination of persons for election to the Board) must otherwise be a proper matter for stockholder action;

(iii) if the Proposing Person (as defined below) has provided the Corporation with a Solicitation Notice (as defined below), such Proposing Person must, in the case of a proposal other than the nomination of persons for election to the Board, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation’s voting shares reasonably believed by such Proposing Person to be sufficient to elect the nominee or nominees proposed to be nominated by such Record Stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 1.12, the Proposing Person proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 1.12.

To be timely, a Record Stockholder’s notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than 5:00 p.m. Eastern Time on the ninetieth (90th) day nor earlier than 5:00 p.m. Eastern Time on the one hundred and twentieth (120th) day prior to the first anniversary of the preceding year’s annual meeting (except in the case of the Corporation’s first annual meeting following its initial public offering, for which such notice shall be timely if delivered in the same time period as if such meeting were a special meeting governed by Section 1.12.2 of these Bylaws); *provided, however*, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the Record Stockholder to be timely must be so delivered (A) no earlier than 5:00 p.m. Eastern Time on the one hundred and twentieth fifth (120th) day prior to such annual meeting and (B) no later than 5:00 p.m. Eastern Time on the later of the ninetieth (90th) day prior to such annual meeting or 5:00 p.m. Eastern Time on the tenth (10th) day following the day on which

Public Announcement (as defined below) of the date of such meeting is first made by the Corporation. In no event shall an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for providing the Record Stockholder's notice.

(c) As to each person whom the Record Stockholder proposes to nominate for election or reelection as a director, in addition to the matters set forth in paragraph (e) below, such Record Stockholder's notice shall set forth:

(i) the name, age, business address and residence address of such person;

(ii) the principal occupation or employment of such nominee;

(iii) the class, series and number of any shares of stock of the Corporation that are beneficially owned or owned of record by such person or any Associated Person (as defined in Section 1.12.4(c));

(iv) the date or dates such shares were acquired and the investment intent of such acquisition;

(v) all other information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or would be otherwise required, in each case pursuant to and in accordance with Section 14(a) (or any successor provision) under the Exchange Act and the rules and regulations thereunder;

(vi) such person's written consent to being named in the Corporation's proxy statement as a nominee, to the public disclosure of information regarding or related to such person provided to the Corporation by such person or otherwise pursuant to this Section 1.12 and to serving as a director if elected;

(vii) whether such person meets the independence requirements of the stock exchange upon which the Corporation's Common Stock is primarily traded;

(viii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such Proposing Person or any of its respective affiliates and associates, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, on the other hand, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Proposing Person or any of its respective affiliates and associates were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(ix) a completed and signed questionnaire, representation and agreement required by Section 1.12.2 of these Bylaws.

(d) As to any business other than the nomination of a director or directors that the Record Stockholder proposes to bring before the meeting, in addition to the matters set forth in paragraph (e) below, such Record Stockholder's notice shall set forth:

(i) a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such Proposing Person, including any anticipated benefit to any Proposing Person therefrom; and

(ii) a description of all agreements, arrangements and understandings between or among any such Proposing Person and any of its respective affiliates or associates, on the one hand, and any other person or persons, on the other hand, (including their names) in connection with the proposal of such business by such Proposing Person;

(e) As to each Proposing Person giving the notice, such Record Stockholder's notice shall set forth:

(i) the current name and address of such Proposing Person, including, if applicable, their name and address as they appear on the Corporation's stock ledger, if different;

(ii) the class or series and number of shares of stock of the Corporation that are directly or indirectly owned of record or beneficially owned by such Proposing Person, including any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future;

(iii) whether and the extent to which any derivative interest in the Corporation's equity securities (including without limitation any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of shares of the Corporation or otherwise, and any cash-settled equity swap, total return swap, synthetic equity position or similar derivative arrangement (any of the foregoing, a "**Derivative Instrument**"), as well as any rights to dividends on the shares of any class or series of shares of the Corporation that are separated or separable from the underlying shares of the Corporation) or any short interest in any security of the Corporation (for purposes of this Bylaw a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any increase or decrease in the value of the subject security, including through performance-related fees) is held directly or indirectly by or for the benefit of such Proposing Person, including without limitation whether and the extent to which any ongoing hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including without limitation any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such Proposing Person with respect to any share of stock of the Corporation (any of the foregoing, a "**Short Interest**");

(iv) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such Proposing Person or any of its respective affiliates or associates is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership;

(v) any direct or indirect material interest in any material contract or agreement with the Corporation, any affiliate of the Corporation or any Competitor (as defined below) (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement);

(vi) any significant equity interests or any Derivative Instruments or Short Interests in any Competitor held by such Proposing Person and/or any of its respective affiliates or associates;

(vii) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any Competitor, on the other hand;

(viii) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such Proposing Person and/or any of its respective affiliates or associates;

(ix) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) (or any successor provision) under the Exchange Act and the rules and regulations thereunder;

(x) such Proposing Person's written consent to the public disclosure of information provided to the Corporation pursuant to this Section 1.12;

(xi) a complete written description of any agreement, arrangement or understanding (whether oral or in writing) (including any knowledge that another person or entity is Acting in Concert (as defined in Section 1.12.4(c)) with such Proposing Person) between or among such Proposing Person, any of its respective affiliates or associates and any other person Acting in Concert with any of the foregoing persons;

(xii) a representation that the Record Stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination;

(xiii) a representation whether such Proposing Person intends (or is part of a group that intends) to deliver a proxy statement or form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent being a "**Solicitation Notice**"); and

(xiv) any proxy, contract, arrangement, or relationship pursuant to which the Proposing Person has a right to vote, directly or indirectly, any shares of any security of the Corporation.

The disclosures to be made pursuant to the foregoing clauses (ii), (iii), (iv) and (vi) shall not include any information with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

(f) A stockholder providing written notice required by this Section 1.12 shall update such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for determining the stockholders entitled to notice of the meeting and (ii) 5:00 p.m. Eastern Time on the tenth (10th) business day prior to the meeting or any adjournment or postponement thereof. In the case of an update pursuant to clause (i) of the foregoing sentence, such update shall be received by the Secretary of the Corporation at the principal executive office of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to notice of the meeting, and in the case of an update and supplement pursuant to clause (ii) of the foregoing sentence, such update and supplement shall be received by the Secretary of the Corporation at the principal executive office of the Corporation not later than eight (8) business days prior to the date for the meeting and, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed). For the avoidance of doubt, the obligation to update as set forth in this paragraph shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or nomination or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of the stockholders.

(g) Notwithstanding anything in Section 1.12 or any other provision of the Bylaws to the contrary, any person who has been determined by a majority of the Whole Board to have violated Section 2.11 of these Bylaws or a Board Confidentiality Policy (as defined below) while serving as a director of the Corporation in the preceding five (5) years shall be ineligible to be nominated or be qualified to serve as a member of the Board, absent a prior waiver for such nomination or qualification approved by two-thirds of the Whole Board.

1.12.2 Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee of any stockholder for election or reelection as a director of the Corporation, the person proposed to be nominated must deliver (in accordance with the time periods prescribed for delivery of notice under Section 1.12 of these Bylaws) to the Secretary at the principal executive offices of the Corporation a completed and signed questionnaire in the form required by the Corporation (which form the stockholder shall request in writing from the Secretary of the Corporation and which the Secretary shall provide to such stockholder within ten days of receiving such request) with respect to the background and qualification of such person to serve as a director of the Corporation and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made and a signed representation and agreement (in the form available from the Secretary upon written request) that such person: (a) is not and will not become a party to (i)

any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a “**Voting Commitment**”) that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the Corporation, with such person’s fiduciary duties under applicable law, (b) is not and will not become a party to any Compensation Arrangement (as defined below) that has not been disclosed therein, (c) if elected as a director of the Corporation, will comply with all informational and similar requirements of applicable insurance policies and laws and regulations in connection with service or action as a director of the Corporation, (d) if elected as a director of the Corporation, will comply with all corporate governance, conflict of interest, stock ownership requirements, confidentiality and trading policies and guidelines of the Corporation publicly disclosed from time to time, (e) if elected as a director of the Corporation, will act in the best interests of the Corporation and its stockholders and not in the interests of individual constituencies, (f) consents to being named as a nominee in the Corporation’s proxy statement pursuant to Rule 14a-4(d) under the Exchange Act and any associated proxy card of the Corporation and agrees to serve if elected as a director and (g) intends to serve as a director for the full term for which such individual is to stand for election.

1.12.3 Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation’s notice of such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation’s notice of such meeting (a) by or at the direction of the Board or any committee thereof or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice and other procedures set forth in this Section 1.12 in all applicable respects. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation’s notice of meeting, if the stockholder’s notice required by Section 1.12.1(b) of these Bylaws shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation (i) no earlier than the one hundred and twentieth (120th) day prior to such special meeting and (ii) no later than 5:00 p.m. Eastern Time on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for providing such notice.

1.12.4 General.

(a) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to be elected at a meeting of stockholders and serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by law or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any other

business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.12 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 1.12, unless otherwise required by law, if the stockholder (or a Qualified Representative of the stockholder (as defined below)) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(b) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.12 shall be deemed to affect any rights of (a) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

(c) For purposes of these Bylaws the following definitions shall apply:

(A) a person shall be deemed to be "**Acting in Concert**" with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or toward a common goal relating to the management, governance or control of the Corporation in substantial parallel with, such other person where (1) each person is conscious of the other person's conduct or intent and this awareness is an element in their decision-making processes and (2) at least one additional factor suggests that such persons intend to act in concert or in substantial parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in substantial parallel; provided that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of revocable proxies or consents from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) (or any successor provision) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A. A person Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person;

(B) "**affiliate**" and "**associate**" shall have the meanings ascribed thereto in Rule 405 under the Securities Act of 1933, as amended (the "**Securities Act**"); provided, however, that the term "partner" as used in the definition of "associate" shall not include any limited partner that is not involved in the management of the relevant partnership;

(C) "**Associated Person**" shall mean with respect to any subject stockholder or other person (including any proposed nominee) (1) any person directly or indirectly controlling, controlled by or under common control with such

stockholder or other person, (2) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or other person, (3) any associate of such stockholder or other person, and (4) any person directly or indirectly controlling, controlled by or under common control or Acting in Concert with any such Associated Person;

(D) “**Compensation Arrangement**” shall mean any direct or indirect compensatory payment or other financial agreement, arrangement or understanding with any person or entity other than the Corporation, including any agreement, arrangement or understanding with respect to any direct or indirect compensation, reimbursement or indemnification in connection with candidacy, nomination, service or action as a nominee or as a director of the Corporation;

(E) “**Competitor**” shall mean any entity that provides products or services that compete with or are alternatives to the principal products produced or services provided by the Corporation or its affiliates;

(F) “**Proposing Person**” shall mean (1) the Record Stockholder providing the notice of business proposed to be brought before an annual meeting or nomination of persons for election to the Board at a stockholder meeting, (2) the beneficial owner or beneficial owners, if different, on whose behalf the notice of business proposed to be brought before the annual meeting or nomination of persons for election to the Board at a stockholder meeting is made, and (3) any Associated Person on whose behalf the notice of business proposed to be brought before the annual meeting or nomination of persons for election to the Board at a stockholder meeting is made;

(G) “**Public Announcement**” shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act; and

(H) to be considered a “**Qualified Representative**” of a stockholder, a person must be a duly authorized officer, manager, trustee or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as a proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction thereof, at the meeting. The Secretary of the Corporation, or any other person who shall be appointed to serve as secretary of the meeting, may require, on behalf of the Corporation, reasonable and appropriate documentation to verify the status of a person purporting to be a “Qualified Representative” for purposes hereof.

ARTICLE II: BOARD OF DIRECTORS

Section 2.1: Number; Qualifications. The total number of directors constituting the Whole Board shall be fixed from time to time in the manner set forth in the Certificate of Incorporation and the term “**Whole Board**” shall have the meaning specified in the Certificate of Incorporation. No decrease in the authorized number of directors constituting the Whole Board shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2: Election; Resignation; Removal; Vacancies. Election of directors need not be by written ballot. Each director shall hold office until the annual meeting at which such director's term expires and until such director's successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. Any director may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at a later time or upon the happening of an event. Subject to the special rights of holders of any series of Preferred Stock to elect directors, directors may be removed only as provided by the Certificate of Incorporation and applicable law. All vacancies occurring in the Board and any newly created directorships resulting from any increase in the authorized number of directors shall be filled in the manner set forth in the Certificate of Incorporation.

Section 2.3: Regular Meetings. Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

Section 2.4: Special Meetings. Special meetings of the Board may be called by the Chairperson of the Board, the Chief Executive Officer, the Lead Independent Director or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile, electronic mail or other means of electronic transmission; *provided, however*, that if, under the circumstances, the Chairperson of the Board, the Lead Independent Director or the Chief Executive Officer calling a special meeting deems that more immediate action is necessary or appropriate, notice may be delivered on the day of such special meeting. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: Remote Meetings Permitted. Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 2.6: Quorum; Vote Required for Action. At all meetings of the Board, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 2.7: Organization. Meetings of the Board shall be presided over by (a) the Chairperson of the Board, or (b) in the absence of such person, the Lead Independent Director, or (c) in such person's absence, by the Chief Executive Officer, or (d) in such person's absence, by a chairperson chosen by the Board at the meeting. The Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8: Unanimous Action by Directors in Lieu of a Meeting. 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 such 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, as applicable. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9: Powers. Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

Section 2.10: Compensation of Directors. Members of the Board, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

Section 2.11: Confidentiality. Each director shall maintain the confidentiality of, and shall not share with any third party person or entity (including third parties that originally sponsored, nominated or designated such director (the "**Sponsoring Party**")), any non-public information learned in their capacities as directors, including communications among Board members in their capacities as directors. The Board may adopt a board confidentiality policy further implementing and interpreting this bylaw (a "**Board Confidentiality Policy**"). All directors are required to comply with this bylaw and any such Board Confidentiality Policy unless such director or the Sponsoring Party for such director has entered into a specific written agreement with the Corporation, in either case as approved by the Board, providing otherwise with respect to such confidential information.

ARTICLE III: COMMITTEES

Section 3.1: Committees. 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 the committee, the member or members thereof present at any meeting of such committee who are 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 place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, 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 in reference to the following matters: (a) approving, adopting, or

recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

Section 3.2: Committee Rules. Each committee shall keep records of its proceedings and make such reports as the Board may from time to time request. Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules, each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Bylaws. Except as otherwise provided in the Certificate of Incorporation, these Bylaws or the resolution of the Board designating the committee, any committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to any such subcommittee any or all of the powers and authority of the committee.

ARTICLE IV: OFFICERS; CHAIRPERSON; LEAD INDEPENDENT DIRECTOR

Section 4.1: Generally. The officers of the Corporation shall consist of a Chief Executive Officer (who may be the Chairperson of the Board or the President), a President, a Secretary and a Treasurer and may consist of such other officers, including, without limitation, a Chief Financial Officer, and one or more Vice Presidents, as may from time to time be appointed by the Board. All officers shall be elected by the Board; *provided, however*, that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Except as otherwise provided by law, by the Certificate of Incorporation or these Bylaws, each officer shall hold office until such officer's successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal. Any number of offices may be held by the same person. Any officer may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board and the Board may, in its discretion, leave unfilled, for such period as it may determine, any offices. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal.

Section 4.2: Chief Executive Officer. Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

- (a) to act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;
- (b) subject to Section 1.6 of these Bylaws, to preside at all meetings of the stockholders;

(c) subject to Section 1.2 of these Bylaws, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and

(d) to affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation (if any); and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The person holding the office of President shall be the Chief Executive Officer of the Corporation unless the Board shall designate another officer to be the Chief Executive Officer.

Section 4.3: Chairperson of the Board. Subject to the provisions of Section 2.7 of these Bylaws, the Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Bylaws and as the Board may from time to time prescribe. The Chairperson of the Board may or may not be an officer of the Corporation.

Section 4.4: Lead Independent Director. The Board may, in its discretion, elect a lead independent director from among its members that are Independent Directors (as defined below) (such director, the "**Lead Independent Director**"). The Lead Independent Director shall preside at all meetings at which the Chairperson of the Board is not present and shall exercise such other powers and duties as may from time to time be assigned to him or her by the Board or as prescribed by these Bylaws. For purposes of these Bylaws, "**Independent Director**" has the meaning ascribed to such term under the rules of the exchange upon which the Corporation's Common Stock is primarily traded.

Section 4.5: President. The person holding the office of Chief Executive Officer shall be the President of the Corporation unless the Board shall have designated one individual as the President and a different individual as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

Section 4.6: Chief Financial Officer. The person holding the office of Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.7: Treasurer. The person holding the office of Treasurer shall have custody of all monies and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.8: Vice President. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer or President in the event of the Chief Executive Officer's or President's absence or disability.

Section 4.9: Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.10: Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer of the Corporation to any other officers or agents of the Corporation, notwithstanding any provision hereof.

Section 4.11: Removal. Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; *provided* that if the Board has empowered the Chief Executive Officer to appoint any officer of the Corporation, then such officer may also be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V: STOCK

Section 5.1: Certificates; Uncertificated Shares. The shares of capital stock of the Corporation shall be uncertificated shares; *provided, however,* that the resolution of the Board that the shares of capital stock of the Corporation shall be uncertificated shares shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the foregoing, the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be certificated shares. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation, by any two authorized officers of the Corporation (it being understood that each of the Chairperson of the Board, the Vice-Chairperson of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary and any Assistant Secretary shall be an authorized officer for such purpose), 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 shall have 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 such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or 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.

Section 5.3: Other Regulations. Subject to applicable law, the Certificate of Incorporation and these Bylaws, the issue, transfer, conversion and registration of shares represented by certificates and of uncertificated shares shall be governed by such other regulations as the Board may establish.

ARTICLE VI: INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, legislative or any other type whatsoever (a "**Proceeding**"), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (for purposes of this Article VI, an "**Indemnitee**"), shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, provided such Indemnitee acted in good faith and in a manner that the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer of the Corporation and shall inure to the benefit of such Indemnitees' heirs, executors and administrators. Notwithstanding the foregoing, subject to Section 6.5 of these Bylaws, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board.

Section 6.2: Advance of Expenses. The Corporation shall pay all expenses (including attorneys' fees) incurred by an Indemnitee in defending any Proceeding in advance of its final disposition; *provided, however*, that if the DGCL then so requires, the advancement of such expenses shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay such amounts if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise.

Section 6.3: Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4: Indemnification Contracts. The Board is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Right of Indemnitee to Bring Suit. The following shall apply to the extent not in conflict with any indemnification contract provided for in Section 6.4 of these Bylaws.

6.5.1 **Right to Bring Suit.** If a claim under Section 6.1 or 6.2 of these Bylaws is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid, to the fullest extent permitted by law, the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met any applicable standard of conduct which makes it permissible under the DGCL (or other applicable law) for the Corporation to indemnify the Indemnitee for the amount claimed.

6.5.2 **Effect of Determination.** The absence of a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law shall not create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 **Burden of Proof.** In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

Section 6.6: Nature of Rights. The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI with respect to any Proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, repeal or modification.

Section 6.7: Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

ARTICLE VII: NOTICES

Section 7.1: Notice.

7.1.1 **Form and Delivery.** Except as otherwise specifically required in these Bylaws (including, without limitation, Section 7.1.2 of these Bylaws) or by applicable law, all notices required to be given pursuant to these Bylaws may (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 7.1.2 of these Bylaws, by sending such notice by facsimile, electronic mail or other form of electronic transmission. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, (c) in the case of delivery by overnight express courier, when dispatched, and (d) in the case of delivery via facsimile, electronic mail or other form of electronic transmission, at the time provided in Section 7.1.2 of these Bylaws.

7.1.2 **Electronic Transmission.** Without limiting the manner by which notice otherwise may be given effectively to stockholders, 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 in accordance with Section 232 of the DGCL. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (a) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (b) 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; *provided, however*, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.1.2 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 such posting and the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

7.1.3 **Affidavit of Giving Notice.** 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 in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2: 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 of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, 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, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII: INTERESTED DIRECTORS

Section 8.1: Interested Directors. No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders.

Section 8.2: Quorum. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE IX: MISCELLANEOUS

Section 9.1: Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board.

Section 9.2: Seal. The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

Section 9.3: Form of Records. Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of, any other information storage device, method or one or more electronic networks or databases (including one or more distributed electronic networks or databases), electronic or otherwise, *provided* that the records so kept can be converted into clearly legible paper form within a reasonable time and otherwise comply with the DGCL. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 9.4: Reliance Upon Books and Records. A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon the books and records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5: Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6: Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

Section 9.7: Time Periods. In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE X: AMENDMENT

Notwithstanding any other provision of these Bylaws, any alteration, amendment or repeal of these Bylaws, and any adoption of new Bylaws, shall require the approval of the Board or the stockholders of the Corporation as expressly provided in the Certificate of Incorporation.

ARTICLE XI: EXCLUSIVE FORUM

Unless the Corporation consents in writing to the selection of an alternative forum and subject to Article IX of the Certificate of Incorporation, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

ARTICLE XII: MARKET STANDOFF RESTRICTION

During the Standoff Period, no stockholder will, without the prior written consent of the Corporation or the managing underwriter of an underwritten public offering of the Corporation's Common Stock under the Securities Act (a) 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 the Corporation's Common Stock, or any securities convertible into or exercisable or exchangeable (directly or indirectly) for the Corporation's Common Stock, held immediately before the effective date of the registration statement for such offering or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of the Corporation's Common Stock or other securities, in cash, or otherwise; *provided, however*, that such agreement will not apply to (i) donees pursuant to bona fide gifts, (ii) distributions to partners, members or stockholders of the stockholder of the Corporation, provided that in each of case (i) and (ii) the recipient agrees to be similarly bound; *provided, further*, that such agreement shall be applicable only to the first such registration statement of the Corporation which covers securities sold on its behalf to the public in an underwritten offering.

For purposes of this Article XII, the term "Corporation" shall include any wholly-owned subsidiary of the Corporation into which the Corporation merges or consolidates. In order to enforce the foregoing covenant, the Corporation shall have the right to place restrictive legends on the certificates or book entry entitlements representing the shares subject to this Article XII and to impose stop transfer instructions with respect to such shares until the end of such period. The underwriters in connection with such registration are intended third-party beneficiaries of this Article XII and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Each stockholder will execute such agreements as may be reasonably requested by the Corporation or the underwriters in connection with such registration that are consistent with this Article XII or that are necessary to give further effect thereto.

As used in this Article XII, "Standoff Period" means the period commencing on the date of the final prospectus relating to an underwritten public offering of the Corporation's Common Stock under the Securities Act and ending on the date specified by the Corporation and the managing underwriter (such period not to exceed one hundred eighty (180) days).

CERTIFICATION OF RESTATED BYLAWS
OF
UPWORK INC.
(a Delaware corporation)

I, Brian Levey, certify that I am Secretary of Upwork Inc., a Delaware corporation (the "**Corporation**"), that I am duly authorized to make and deliver this certification, that the attached Bylaws are a true and complete copy of the Restated Bylaws of the Corporation in effect as of the date of this certificate.

Dated: [●], 2018

/s/ Brian Levey

Brian Levey

Chief Business Affairs & Legal Officer and Secretary

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

PO BOX 4394, Providence, RI 02940-3904
 MR. A. SAMPLE
 DESIGNATION (IF ANY)
 A001
 A002
 A003
 A004



CUSIP IDENTIFIER XXXX XXX X
 Holder ID XXXXXXXXXXXX
 Insurance Value 1,000,000.00
 Number of Shares 123456
 DTC 12345678 123456789012345
 Certificate Numbers

Num/No.	Denom.	Total
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5
6	6	6
7	7	7

COMMON STOCK
PAR VALUE \$0.0001

Certificate Number
ZQ00000000

Shares
*****000000*****

upwork
UPWORK INC.
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE & MRS. SAMPLE

is the owner of

ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

Upwork Inc. (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

FACSIMILE SIGNATURE TO COME
President

FACSIMILE SIGNATURE TO COME
Secretary

DATED DD-MMM-YYYY

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR.

By _____ AUTHORIZED SIGNATURE

SEE REVERSE FOR CERTAIN DEFINITIONS
CUSIP 91688F 10 4

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT, AVAILABLE ONLINE AT www.computershare.com

SECURITY INSTRUCTIONS ON REVERSE

123456

UPWORK INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT -Custodian
	(Cust) (Minor)
TEN ENT - as tenants by the entireties	under Uniform Gifts to Minors Act
	(State)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT -Custodian (until age)
	(Cust) (Minor) (State)
	under Uniform Transfers to Minors Act
	(State)

Additional abbreviations may also be used though not in the above list.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

For value received, _____ hereby sell, assign and transfer unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____ Shares
of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney
to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.

Dated: _____ 20_____

Signature: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17A-15.

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.



The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1534291

ELANCE-ODESK, INC.

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

This Amended and Restated Investors' Rights Agreement (this "**Agreement**") is made and entered into as of August 19, 2014, by and among Elance-oDesk, Inc., a Delaware corporation (the "**Company**"), each of the investors listed on Schedule A-1 hereto (each of which is referred to in this Agreement as an "**Investor**"), each of the holders of Common Stock listed on Schedule B hereto (each of which is referred to in this Agreement as a "**Common Holder**"), and each holder of a Lender Warrant (as defined below) listed on Schedule A-2 hereto (each of which is referred to in this Agreement as a "**Lender**").

RECITALS

WHEREAS, certain of the Investors (the "**Prior Investors**") are holders of outstanding shares of the Company's Series A-1 Preferred Stock and Series A-2 Preferred Stock acquired by such Prior Investors pursuant to that certain Agreement and Plan of Reorganization dated December 17, 2013 by and among the Company and certain other parties.

WHEREAS, the Company, the Prior Investors and the Common Holders have previously entered into that certain Amended and Restated Investors' Rights Agreement dated as of December 17, 2013 (the "**Prior Rights Agreement**").

WHEREAS, certain of the Investors (the "**Series B Investors**") have agreed to purchase shares of the Company's Series B-1 Preferred Stock and/or Series B-2 Preferred Stock pursuant to that certain Series B-1 and Series B-2 Preferred Stock Purchase Agreement dated of even date herewith by and among the Company and the Series B Investors, as may be amended from time to time (the "**Series B Purchase Agreement**").

WHEREAS, the Company, the Common Holders, and the Prior Investors desire to amend, restate and supersede the Prior Rights Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter set forth, the parties hereto hereby agree as follows:

1. DEFINITIONS. For purposes of this Agreement:

"**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 Person including without limitation any general partner, managing partner, managing member, officer or director of such Person 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 Person. For purposes of this definition, the terms "**controlling**," "**controlled by**," or "**under common control with**" shall mean the possession, directly or indirectly, of (a) the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise, or (b) the power to elect or appoint at least fifty percent (50%) of the directors, managers, general partners, or persons exercising similar authority with respect to such Person.

“Automatic Shelf Registration Statement” shall have the meaning given to that term in SEC Rule 405.

“business day” means a weekday on which banks are open for general banking business in San Francisco, California.

“Code” means the Internal Revenue Code of 1986, as amended.

“Common Stock” means shares of the Company’s common stock.

“Damages” means any loss, damage, or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, or liability (or any action in respect thereof) arises out of or is based upon (a) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, and any free-writing prospectus and any issuer information (as defined in Rule 433 of the Securities Act) filed or required to be filed pursuant to Rule 433(d) under the Securities 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; (b) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (c) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

“Demand Notice” means notice sent by the Company to the Holders specifying that a demand registration has been requested as provided in Section 3.1.1.

“Derivative Securities” means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

“Deemed Liquidation Event” has the meaning set forth for such term in the certificate of incorporation of the Company most recently filed with the Delaware Secretary of State that contains such a definition.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Excluded Registration” means (a) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to an equity incentive, stock option, stock purchase, or similar plan; (b) a registration relating to an SEC Rule 145 transaction; (c) 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 (d) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

“**Form S-1**” means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

“**Form S-3**” means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

“**Free Writing Prospectus**” means a free-writing prospectus, as defined in Rule 405 under the Securities Act.

“**Fully Exercising Investor**” shall have the meaning set forth in Section 4.2.

“**GAAP**” means generally accepted accounting principles in the United States.

“**Holder**” means any holder of Registrable Securities who is a party to this Agreement, provided, however, that the Common Holders shall not be deemed to be Holders for purposes of Sections 3.1, 3.10, and 7.6.

“**Immediate Family Member**” means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

“**Initiating Holders**” means, collectively, Holders who properly initiate a registration request under this Agreement.

“**Investor Notice**” shall have the meaning set forth in Section 4.2.

“**IPO**” means the Company’s first underwritten public offering of its Common Stock under the Securities Act.

“**Lender Registrable Securities**” means (a) the Common Stock issuable or issued upon the exercise of any Lender Warrant and (b) the Common Stock issuable or issued upon conversion of the Preferred Stock issuable or issued pursuant to the exercise of any Lender Warrant; *provided, however*, that before the holder of any Lender Warrant shall be entitled to exercise any rights under this Agreement, such holder must either (i) become a party to this Agreement as a “Lender” or (ii) agree to be bound by the terms of this Agreement related to registration rights applicable to the Lender Registrable Securities in a separate written agreement between such holder and the Company (including, without limitation, in a Lender Warrant).

“**Lender Warrant**” means any warrant to purchase shares of capital stock of the Company issued to banks, equipment lessors or other financial institutions pursuant to a debt financing or equipment leasing transaction where the Company’s Board of Directors (the “**Board**”) has approved the grant to the holder thereof of “piggyback” registration rights.

“Major Investor” means any Investor that, individually or together with such Investor’s Affiliates, holds at least 1,000,000 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

“New Securities” means, collectively, equity securities of the Company, whether or not currently authorized, Derivative Securities and any rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for (in each case, directly or indirectly) such equity securities; *provided however*, that “New Securities” shall exclude: (a) Exempted Securities (as defined in the Restated Certificate); and (b) shares of Common Stock issued in the IPO.

“Offer Notice” shall have the meaning set forth in Section 4.1.

“Person” means any individual, corporation, partnership, trust, limited liability company, association or other entity.

“Preferred Stock” means shares of the Company’s Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B-1 Preferred Stock and Series B-2 Preferred Stock.

“Pro Rata Amount” means, for each Major Investor, that portion of the New Securities identified in an Offer Notice which equals the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held, by such Major Investor bears to the total Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all Preferred Stock and other Derivative Securities).

“Registrable Securities” means (a) the Common Stock issuable or issued upon conversion of shares of the Preferred Stock held by the Investors; (b) the Lender Registrable Securities, *provided, however*, that such Lender Registrable Securities shall not be deemed Registrable Securities and the Lenders shall not be deemed Holders for the purposes of Sections 2.1, 2.2, 3.1, 3.10, 4 and 7.6; (c) shares of Common Stock issued to the Common Holders or issuable upon exercise of options issued to the Common Holders; provided, however, that such shares of Common Stock shall not be deemed Registrable Securities for the purposes of Sections 2.1, 2.2, 3.1, 3.10, 4 and 7.6; and (d) any Common Stock 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 clauses (a) through (c) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Section 7.1, and excluding for purposes of Section 3 any shares for which registration rights have terminated pursuant to Section 6.2 of this Agreement. Notwithstanding the foregoing, the Company shall in no event be obligated to register any Preferred Stock of the Company, and Holders of Registrable Securities will not be required to convert their Preferred Stock into Common Stock in order to exercise the registration rights granted hereunder, until immediately before the closing of the offering to which the registration relates.

“Registrable Securities then outstanding” means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

“**Restated Certificate**” means the Company’s Restated Certificate of Incorporation (as may be amended from time to time).

“**Restricted Securities**” means the securities of the Company required to bear the legend set forth in Section 3.12.2 hereof.

“**SEC**” means the Securities and Exchange Commission.

“**SEC Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.

“**SEC Rule 145**” means Rule 145 promulgated by the SEC under the Securities Act.

“**SEC Rule 405**” means Rule 405 promulgated by the SEC under the Securities Act.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Selling Expenses**” means 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, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Section 3.6.

“**Selling Holder Counsel**” means one counsel for the selling Holders.

“**Series A-1 Preferred Stock**” means shares of the Company’s Series A-1 Preferred Stock.

“**Series A-2 Preferred Stock**” means shares of the Company’s Series A-2 Preferred Stock.

“**Series B-1 Preferred Stock**” means shares of the Company’s Series B-1 Preferred Stock.

“**Series B-2 Preferred Stock**” means shares of the Company’s Series B-2 Preferred Stock.

“**Standoff Period**” means the period commencing on the date of the final prospectus relating to an underwritten public offering of the Company’s Common Stock under the Securities Act and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days). Notwithstanding the foregoing, if during the last 17 days of such period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the Company or the managing underwriter, to the extent required by any FINRA rules, the period set forth in the previous sentence shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement.

“**Voting Agreement**” means that certain Amended and Restated Voting Agreement dated of even date hereof by and among the Company, the Investors and certain other stockholders.

2. INFORMATION RIGHTS.

2.1 Delivery of Financial Statements.

2.1.1 Information to be Delivered. The Company shall deliver the following to each Major Investor, *provided* that the Board has not reasonably determined that such Major Investor is a competitor of the Company (*provided*, that a Major Investor that is a venture capital fund shall not be deemed a competitor solely as a result of its investment in another company, so long as any person designated as a member of the Board by such Major Investor is not also appointed to the board of directors such other company):

(a) As soon as practicable, but in any event within one hundred eighty (180) days (or such longer period as the Board may unanimously determine) of being made available to the Company after the end of each fiscal year of the Company, the Company shall deliver, (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year for such year, and (iii) a statement of stockholders' equity as of the end of such year, all of which shall be audited and certified by independent public accountants of nationally recognized standing selected by the Company.

(b) As soon as practicable, but in any event within forty-five (45) days after the end of each quarter of each fiscal year of the Company, the Company shall deliver unaudited statements of income and of cash flows for such fiscal quarter and an unaudited balance sheet and a statement of stockholders' equity 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) Consolidation. If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to Section 2.1.1 shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

2.1.2 Suspension or Termination. Notwithstanding anything else in this Section 2.1 to the contrary but subject to Section 6.1, the Company may cease providing the information set forth in this Section 2.1 during the period starting with the date sixty (60) 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 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, and on such Major Investor's written request, to visit and inspect the Company's properties, examine its books of account and records, and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as

may be reasonably 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 and in good faith considers to be confidential information (unless covered by an enforceable confidentiality agreement, in form reasonably acceptable to the Company), a trade secret or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

2.3 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Section 2 unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 2.3 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; *provided, however*, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any existing Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor (or any employee of any of the foregoing that needs to know such information in the fulfillment of his or her employment duties) in the ordinary course of business, but only if such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iii) as may otherwise be required by law, governmental rule or regulation or court or other governmental order if the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

3. REGISTRATION RIGHTS.

3.1 Demand Registration.

3.1.1 **Form S-1 Demand.** If at any time after the earlier of (a) five (5) years after the date of this Agreement or (b) one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Holders of at least 50% of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to any Registrable Securities then outstanding (and the Registrable Securities subject to such request have an anticipated aggregate offering price, net of Selling Expenses, of at least \$10,000,000), then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders, and (ii) use commercially reasonable efforts to as soon as practicable, and in any event within ninety (90) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days after the date the Demand Notice is given, and in each case, subject to the limitations of Section 3.1.3 and Section 3.3.

3.1.2 Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Holders of at least 50% of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least \$5,000,000, then the Company shall (a) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (b) use commercially reasonable efforts to as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 3.1.3 and Section 3.3.

3.1.3 Delay. Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Section 3.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Board it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (a) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (b) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (c) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than ninety (90) days after the request of the Initiating Holders is given; *provided, however*, that (i) the Company may not invoke this right more than once in any twelve (12) month period and (ii) the Company shall not register any securities for its own account or that of any other stockholder during such ninety (90) day period other than an Excluded Registration.

3.1.4 Limitations. The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Section 3.1.1: (a) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (b) after the Company has effected two (2) registrations pursuant to Section 3.1.1; or (c) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 3.1.2. The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Section 3.1.2: (i) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two (2) registrations pursuant to Section 3.1.2 within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Section 3.1.4 until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one registration on Form S-1 or S-3, as applicable, pursuant to Section 3.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Section 3.1.4.

3.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Section 3.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 3.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Section 3.6.

3.3 Underwriting Requirements.

3.3.1 **Inclusion.** If, pursuant to Section 3.1, 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 Section 3.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company, subject only to the reasonable approval of the holders of a majority of Registrable Securities held by the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 3.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Section 3.3, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned or held by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; *provided, however*, that the number of Registrable Securities owned or held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

3.3.2 **Underwriter Cutback.** In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Section 3.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than

by the Company) that the underwriters in their reasonable discretion determine 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, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If 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 allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned or held by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall (a) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, (b) the number of Registrable Securities included in the offering be reduced below 25% of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering, or (c) any securities held by a Common Holder 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 provision in this Section 3.3.2 concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members 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 number of Registrable Securities owned or held by all Persons included in such "selling Holder," as defined in this sentence.

3.3.3 Registration Not Effected. For purposes of Section 3.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Section 3.3.1, fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

3.4 Obligations of the Company. Whenever required under this Section 3 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 its commercially reasonable efforts to cause such registration statement to become effective as promptly as practicable, 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 one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; *provided, however*, that (i) such 120-day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company,

from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such 120-day period shall be extended for up to sixty (60) days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, the prospectus and, if required, any Free Writing Prospectus used in connection with such registration statement as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus and any Free Writing Prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its 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 selling Holders; *provided* that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(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 underwriter(s) of such offering;

(f) use its reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus or Free-Writing Prospectus forming a part of such registration statement has been filed;

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus or Free-Writing Prospectus;

(k) use its commercially reasonable efforts to obtain for the underwriters one or more "cold comfort" letters, dated the effective date of the related registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), signed by the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters;

(l) use its commercially reasonable efforts to obtain for the underwriters on the date such securities are delivered to the underwriters for sale pursuant to such registration a legal opinion of the Company's outside counsel with respect to the registration statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature;

(m) to the extent the Company is a well-known seasoned issuer (as defined in SEC Rule 405) at the time any request for registration is submitted to the Company in accordance with Section 3.1, if so requested, file an Automatic Shelf Registration Statement to effect such registration; and

(n) if at any time when the Company is required to re-evaluate its well-known seasoned issuer status for purposes of an outstanding Automatic Shelf Registration Statement used to effect a request for registration in accordance with Section 3.1.2 the Company determines that it is not a well-known seasoned issuer and (i) the registration statement is required to be kept effective in accordance with this Agreement and (ii) the registration rights of the applicable Holders have not terminated, use commercially reasonable efforts to promptly amend the registration statement on a form the Company is then eligible to use or file a new registration statement on such form, and keep such registration statement effective in accordance with the requirements otherwise applicable under this Agreement.

3.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 3 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 is reasonably required to effect the registration of such Holder's Registrable Securities.

3.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 3, including 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 Selling Holder Counsel shall be borne and paid by the Company; *provided, however,* that (a) the Company shall

not be required to pay for any expenses of any registration proceeding begun pursuant to Section 3.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling 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 registration pursuant to Section 3.1.1 or Section 3.1.2, as the case may be, (b) if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information, then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Section 3.1.1 or Section 3.1.2, and (c) in connection with a registration pursuant to Section 3.2, the Company shall only be required to bear and pay the reasonable fees and disbursements of one Selling Holder Counsel in an amount up to \$50,000. All Selling Expenses relating to Registrable Securities registered pursuant to this Section 3 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

3.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 3.

3.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 3:

3.8.1 **Company Indemnification.** To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; *provided, however,* that the indemnity agreement contained in this Section 3.8.1 shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, conditioned, or delayed nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

3.8.2 **Selling Holder Indemnification.** To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and 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 Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter

or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that (a) the indemnity agreement contained in this Section 3.8.2 shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld, conditioned or delayed, and (b) that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Sections 3.8.2 and 3.8.4 exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

3.8.3 Procedures. Promptly after receipt by an indemnified party under this Section 3.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 3.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and 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 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 action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Section 3.8, solely to the extent that such failure prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve such indemnifying party of any liability that it may have to any indemnified party except as contemplated under this Section 3.8.

3.8.4 Contribution. To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (a) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Section 3.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Section 3.8 provides for indemnification in such case, or (b) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Section 3.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable

considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of 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; provided, however, that:

(i) in any such case, (a) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (b) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and

(ii) in no event shall a Holder's liability pursuant to this Section 3.8.4, when combined with the amounts paid or payable by such Holder pursuant to Section 3.8.2, exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

3.8.5 Underwriting Agreement Controls. 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.

3.8.6 Survival. Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Section 3.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 3, and otherwise shall survive the termination of this Agreement.

3.9 Reports under the Exchange Act. With a view to making available to the Holders the benefits of SEC 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 shall:

(a) use commercially reasonable efforts to make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company 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 the Company so qualifies); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

3.10 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 of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder to include such securities in any registration if such agreement (a) would allow such holder or prospective holder to include a portion of its securities in any “piggyback” registration if such inclusion could reduce the number of Registrable Securities that selling Holders could be entitled to include in such registration under Sections 3.2 and 3.3.2 hereof or (b) would allow such holder or prospective holder to initiate a demand for registration of any of its securities at a time earlier than the Holders of Registrable Securities can demand registration under Section 3.1. This Section 3.10 shall not apply with respect to the grant of “piggyback” registration rights to a holder of a Lender Warrant or to the grant of registration rights to an investor or prospective investor in the Company in connection with a bona fide equity financing.

3.11 “Market Stand-off” Agreement. Each Holder hereby agrees that, during the Standoff Period, such Holder will not, without the prior written consent of the Company or the managing underwriter,

(a) 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 (directly or indirectly) for Common Stock, held immediately before the effective date of the registration statement for such offering; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise.

The foregoing provisions of this Section 3.11 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable to the Holders only if all officers, directors, and stockholders individually owning more than five percent (5%) of the Company’s outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock) are similarly bound. For purposes of this Section 3.11, the term “Company” shall include any wholly-owned subsidiary of the Company into which the Company merges or consolidates. In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the shares subject to this Section 3.11 and to impose stop transfer instructions with respect to such shares until the end of such period. The underwriters in connection with such registration are intended third-party beneficiaries of this Section 3.11 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 connection with such registration that are consistent with this Section 3.11 or that are necessary to give further effect thereto. Any discretionary termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Holders subject to such agreements, based on the number of shares of Registrable Securities subject to such agreements.

3.12 Restrictions on Transfer.

3.12.1 Agreement Binding. The Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement. Notwithstanding anything to the contrary set forth in this Agreement, the parties hereto agree that all Registrable Securities shall be bound by any and all restrictions on transfer set forth in the Company's bylaws (the "**Bylaws**").

3.12.2 Legends. Each certificate or instrument representing (a) the Preferred Stock, (b) the Registrable Securities, and (c) any other securities issued in respect of the securities referenced in clauses (a) and (b), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Section 3.12.3) be stamped or otherwise imprinted with a legend substantially in the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO CERTAIN RESTRICTIONS OF TRANSFER SET FORTH IN THE COMPANY'S BYLAWS, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Section 3.12.

3.12.3 Procedure. The holder of each certificate representing Restricted Securities, by acceptance thereof, agrees to comply in all respects with the provisions of this Section 3. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (a) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (b) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (c) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (i) in any transaction in compliance with SEC Rule 144 or (ii) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Section 3.12. Each certificate or instrument evidencing the Restricted Securities transferred as above provided shall bear, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Section 3.12.2, except that such certificate shall not bear such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act. Until the IPO, no Holder shall transfer any Restricted Securities to any person or entity that is determined to be a competitor of the Company, in the good faith judgment of the Board.

4. RIGHTS TO FUTURE STOCK ISSUANCES. Subject to the terms and conditions of this Section 4 and applicable securities laws, if the Company proposes to sell any New Securities, the Company shall offer to sell a portion of New Securities to each Major Investor as described in this Section 4. A Major Investor shall be entitled to apportion the right of first refusal hereby granted to it among itself and its Affiliates in such proportions as it deems appropriate. The right of first refusal in this Section 4 shall not be applicable with respect to any Major Investor, if at the time of such subsequent securities issuance, the Major Investor is not an "accredited investor," as that term is then defined in Rule 501(a) under the Securities Act.

4.1 Company Notice. The Company shall give notice (the "*Offer Notice*") to each Major Investor, stating (a) its bona fide intention to sell such New Securities, (b) the number of such New Securities to be sold and (c) the price and terms, if any, upon which it proposes to sell such New Securities.

4.2 Investor Right. By written notice (the “*Investor Notice*”) to the Company within twenty (20) days after the Offer Notice is given, each Major Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to such Major Investor’s Pro Rata Amount. In addition, each Major Investor that elects to purchase or acquire all of its Pro Rata Amount (each, a “*Fully Exercising Investor*”) may, in the Investor Notice, elect to purchase or acquire, in addition to its Pro Rata Amount, a portion of the New Securities, if any, for which other Major Investors were entitled to subscribe but that are not subscribed for by such Major Investors. The amount of such overallocation that each Fully Exercising Investor shall be entitled to purchase is equal to the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of Preferred Stock and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares. A Major Investor’s election may be conditioned on the consummation of the transaction described in the Offer Notice. The closing of any sale pursuant to this Section 4.2 shall occur on the earlier of one hundred and twenty (120) days after the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Section 4.3.

4.3 Sale of Securities. If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Section 4.2, the Company may, during the ninety (90) day period following the expiration of the periods provided in Section 4.2, offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Major Investors in accordance with this Section 4.

4.4 Alternate Procedure. Notwithstanding any provision hereof to the contrary, in lieu of complying with the provisions of Sections 4.1 and 4.2, the Company may elect to give notice to the Major Investors within thirty (30) days after the issuance of New Securities. Such notice shall describe the type, price, and terms of the New Securities, and the identities of the Persons to whom the New Securities were sold. Each Major Investor shall have twenty (20) days after the date the Company’s notice is given to elect, by giving notice to the Company, to purchase up to the number of New Securities that such Major Investor would otherwise have the right to purchase pursuant to Section 4.2 above had the Company complied with the provisions of Sections 4.1 and 4.2 in connection with the issuance of such New Securities under the terms and conditions set forth in the Company’s notice pursuant to this Section 4.4. Any Major Investors electing to purchase such New Securities shall also have rights of oversubscription to purchase New Securities that were purchasable by other Major Investors pursuant to the foregoing sentence but were not so purchased, and such rights of oversubscription shall be apportioned in a manner consistent with the apportionment among Fully Exercising Investors described in Section 4.2. The closing of such sale shall occur within sixty (60) days of the date notice is given to the Major Investors.

4.5 Assignment. Notwithstanding Section 6.1, the rights provided in this Section 4 may not be assigned or transferred by any Major Investor; provided, however, that a Major Investor may assign such rights to an Affiliate.

5. VOTING AGREEMENT. Each Holder hereby agrees that by entering into, or otherwise obtaining rights under, this Agreement, such Holder shall automatically be bound by the Voting Agreement, as if such Holder were a Stockholder under that agreement (unless such Holder has executed a counterpart signature page or joinder agreement thereto and such Voting Agreement specifies a capacity for such Holder in addition to Stockholder, in which event such Holder shall also have such additional capacity).

6. TERMINATION.

6.1 Generally. The covenants set forth in Section 2.1, Section 2.2 and Section 4 shall terminate and be of no further force or effect upon the earliest to occur of: (a) immediately before the consummation of the IPO; (b) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act; or (c) upon a Deemed Liquidation Event.

6.2 Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 3.1 or Section 3.2 shall terminate upon the earliest to occur of: (a) when all of such Holder's Registrable Securities could be sold without any restriction on volume or manner of sale in any three-month period under SEC Rule 144 or any successor; (b) upon a Deemed Liquidation Event; and (c) the fifth (5th) anniversary of the IPO.

7. GENERAL PROVISIONS.

7.1 Successors and Assigns. The rights under Sections 2 and 3 of this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (a) is an Affiliate, partner, member, limited partner, retired or former partner, retired or former member, or stockholder of a Holder or such Holder's Affiliate; (b) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (c) is a venture capital fund that is controlled by or under common control with one or more general partners or managing partners or managing members of, or shares the same management company with, the Holder; *provided, however,* that (i) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (ii) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Section 3.11. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

7.2 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws.

7.3 Counterparts; Facsimile. This Agreement may be executed 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. This Agreement may also be executed and delivered by facsimile 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.

7.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

7.5 Notices. All notices, requests, and other communications given, made or delivered pursuant to this Agreement shall be in writing and shall be deemed effectively given, made or delivered upon the earlier of actual receipt or: (a) personal delivery to the party to be notified; (b) when sent, if sent by facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day, in each case upon customary confirmation of receipt; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A-1, Schedule A-2, or Schedule B hereto (as applicable), or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such address or facsimile number as subsequently modified by written notice given in accordance with this Section 7.5. If notice is given to the Company, it shall be sent to 441 Logue Avenue, Mountain View, California 94043, marked "Attention: Chief Executive Officer". If no facsimile number is listed on the applicable schedule attached hereto for a party (or above in the case of the Company), notices and communications given or made by facsimile shall not be deemed effectively given to such party.

7.6 Amendments and Waivers. This Agreement may only be amended or terminated and the observance of any term hereof may be waived (either generally or in a particular instance, and either retroactively or prospectively) only by a written instrument executed by the Company and (a) with respect to Sections 2 and 4 and any other provision of this Agreement to the extent such provision pertains to Section 2 or 4, the holders of a majority of the Registrable Securities then outstanding and held by the Major Investors or (b) with respect to any Section other than Sections 2 or 4, the holders of a majority of the Registrable Securities then outstanding; provided that (i) the holders of a majority of the Registrable Securities then outstanding and held by the Major Investors may waive, on behalf of all Major Investors, the rights set forth in Section 4, without the Company's consent, (ii) the Company may in its sole discretion waive compliance with Section 3.12 (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Section 3.12 shall be deemed to be a waiver); (iii) any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party; (iv) in the event that such amendment or waiver adversely affects the obligations or rights of the Common Holders in a different manner than the other Holders, such amendment or waiver shall also require the written consent of the holders of a majority in interest of the Common Holders then employed by the Company; (v) the Company may, without the consent or approval of any other party hereto, cause additional persons to become party to this Agreement as Lenders pursuant to Section 7.14 hereto and amend Schedule A-2 hereto accordingly, and (vi) the Company may, without the

consent or approval of any other party hereto, cause additional persons to become party to this Agreement as Investors pursuant to Section 7.15 hereto and amend Schedule A-1 hereto accordingly. Any amendment, termination, or waiver effected in accordance with this Section 7.6 shall be binding on each party hereto and all of such party's successors and permitted assigns, regardless of whether or not any such party, successor or assignee entered into or approved such amendment, termination, or waiver. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

7.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

7.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliates, or held by an Advisory Client (as defined in the Bylaws) with the same or affiliated investment advisor that has sole investment authority therefor and is registered under the Investment Advisory Act of 1940, shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

7.9 Entire Agreement. This Agreement (including any schedules and exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled and replaced with this Agreement. The Prior Rights Agreement is hereby amended and superseded in its entirety and restated herein. All provisions of, rights granted and covenants made in the Prior Rights Agreement are hereby waived, released and superseded in their entirety by the provisions hereof and shall have no further force or effect.

7.10 Third Parties. Other than as set forth in Section 3.11, nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

7.11 Delays or Omissions. Except as set forth in Section 7.6 herein, no delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

7.12 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the federal or state courts located in the Northern District of California for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the federal or state courts located in the Northern District of California, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that a party is not subject to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution based upon judgment or order of such court(s), that any suit, action or proceeding arising out of or based upon this Agreement commenced in the federal or state courts located in the Northern District of California is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court. Should any party commence a suit, action or other proceeding arising out of or based upon this Agreement in a forum other than the federal or state courts located in the Northern District of California, or should any party otherwise seek to transfer or dismiss such suit, action or proceeding from such court(s), that party shall indemnify and reimburse the other party for all legal costs and expenses incurred in enforcing this provision.

7.13 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the non-prevailing party shall pay all costs and expenses incurred by the prevailing party, including, without limitation, all reasonable attorneys' fees.

7.14 Additional Lenders. Notwithstanding anything to the contrary contained herein, if the Company issues any Lender Warrant, any recipient of a Lender Warrant may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed a "Lender" for all purposes hereunder, and shall be listed on Schedule A-2 herein. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional or Lender, so long as such additional Lender has agreed in writing to be bound by all of the obligations as a "Lender" hereunder.

7.15 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company sells additional shares of Series B-1 Preferred Stock after the date hereof in accordance with the Series B Purchase Agreement, any recipient of such shares of Series B-1 Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" for all purposes hereunder, and shall be listed on Schedule A-1 herein. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed to be bound by all of the obligations as an "Investor" hereunder.

7.16 Waiver of Rights of First Refusal. Pursuant to Section 7.6 of the Prior Rights Agreement, the Prior Investors, holding not less than a majority of the Registrable Securities then outstanding and held by the Major Investors (as defined in the Prior Rights Agreement), hereby waive all rights to notice of, and all rights of first refusal contained in Section 4 of the Prior Rights Agreement with respect to the shares of Series B-1 Preferred Stock and Series B-2 Preferred Stock sold pursuant to the Series B Purchase Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

COMPANY:

ELANCE-ODESK, INC.

By: /s/ Servaes Tholen
Name: Servaes Tholen
Title: Chief Financial Officer

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF ELANCE-ODESK, INC.

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

T. Rowe Price New Horizons Fund, Inc.
T. Rowe Price New Horizons Trust, and
T. Rowe Price U.S. Equities Trust
each fund, severally and not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser

By: /s/ Henry Ellenbogen _____

Name: Henry Ellenbogen

Title: Vice President

SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF ELANCE-ODESK, INC.

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of November 20, 2017.

INVESTORS:

**T. ROWE PRICE NEW HORIZONS FUND, INC.
T. ROWE PRICE NEW HORIZONS TRUST, AND
T. ROWE PRICE U.S. EQUITIES TRUST (A/C 7JX4)**

Each account, severally not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser

By: /s/ J. David Wagner

Name: J. David Wagner

Title: Vice President

**T. ROWE PRICE SMALL-CAP VALUE FUND, INC.
T. ROWE PRICE U.S. SMALL-CAP VALUE EQUITY TRUST
T. ROWE PRICE U.S. EQUITIES TRUST (7KX4)**

Each account, severally not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser

By: /s/ J. David Wagner

Name: J. David Wagner

Title: Vice President

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
Email: Andrew_Baek@troweprice.com

(SIGNATURE PAGE TO THE AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT OF UPWORK INC.)

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

DAG VENTURES III-QP, L.P.

By: DAG Ventures Management III, LLC,
Its General Partner

/s/ Young Chung

Young Chung, Managing Director

DAG Ventures III, L.P.

By: DAG Ventures Management III, LLC,
Its General Partner

/s/ Young Chung

Young Chung, Managing Director

DAG Ventures GP Fund III, LLC

By: DAG Ventures Management III, LLC,
Its General Partner

/s/ Young Chung

Young Chung, Managing Director

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

BENCHMARK CAPITAL PARTNERS V, L.P.

as nominee for:

Benchmark Capital Partners V, L.P.

Benchmark Founders' Fund V, L.P.

Benchmark Founders' Fund V-A, L.P.

Benchmark Founders' Fund V-B, L.P.

and related individuals

By: Benchmark Capital Management Co. V, L.L.C.,
its general partner

By: /s/ signature illegible

Managing Member

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

FIRSTMARK CAPITAL OF I, LP

By: FirstMark Capital OF I GP, LLC, its general partner

By: /s/ Brian Kemper

Brian Kemper, Chief Operating Officer

FIRSTMARK II LIQUIDATING TRUST

By: Midtown II GP, LLC, trustee

By: /s/ Brian Kemper

Brian Kemper, Chief Operating Officer

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

SIGMA PARTNERS 6, L.P.

By: Sigma Management 6, L.L.C.
Its: General Partner

By: /s/ Gregory C. Gretsch
Its: Managing Director

SIGMA ASSOCIATES 6, L.P.

By: Sigma Management 6, L.L.C.
Its: General Partner

By: /s/ Gregory C. Gretsch
Its: Managing Director

SIGMA INVESTORS 6, L.P.

By: Sigma Management 6, L.L.C.
Its: General Partner

By: Gregory C. Gretsch
Its: Managing Director

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

GLOBESPAN CAPITAL PARTNERS IV, L.P.
JAFCO GLOBESPAN USIT IV, L.P.
GCP IV AFFILIATES FUND, L.P.

By: Globespan Management Associates IV, L.P.,
its sole General Partner

By: /s/ David Poltack
Name: David Poltack
Title: Authorized Signatory

GLOBESPAN CAPITAL PARTNERS (CAYMAN) IV, L.P.

By: Globespan Management Associates (Cayman) IV, L.P.,
its sole General Partner

By: Globespan Management Associates IV, LLC,
its sole General Partner

By: /s/ David Poltack
Name: David Poltack
Title: Authorized Signatory

GLOBESPAN CAPITAL PARTNERS IV GmbH & Co. KG

By: Globespan Management Associates IV, GmbH
its General Partner

By: /s/ David Poltack
Name: David Poltack
Title: Authorized Signatory

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

SG GROWTH PARTNERS I, L.P.

By: /s/ Daniel C. Marriott

Name: Daniel C. Marriott

Title: Managing Partner

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

NEW ENTERPRISE ASSOCIATES 10, L.P.

By: NEA Partners 10, L.P.

Its: General Partner

By: /s/ Louis S. Citron

Name: Louis S. Citron

Title: Chief Legal Officer

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

INDUSTRY VENTURES FUND V, L.P.

By: /s/ Johan Swildens
Name: Johan Swildens
Title: Managing Member

INDUSTRY VENTURES SECONDARY FUND VII, L.P.

By: /s/ Johan Swildens
Name: Johan Swildens
Title: Managing Member

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

INVESTORS:

Thomas Layton and Gabrielle M. Layton,
Or their successors, as trustees of the
Layton Community Property Trust dated 11/29/99, as amended

By: /s/ Thomas Layton
Thomas Layton, Trustee

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

IN WITNESS WHEREOF, the parties hereto have executed this **Amended and Restated Investors' Rights Agreement** as of the date first written above.

COMMON HOLDERS:

/s/ Fabio Rosati

Fabio Rosati

/s/ Servaes Tholen

Servaes Tholen

/s/ Odysseas Tsatalos

Odysseas Tsatalos

**SIGNATURE PAGE TO THE AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT OF
ELANCE-ODESK, INC.**

SCHEDULE A-1

List of Investors

NAME AND ADDRESS OF INVESTORS

T. ROWE PRICE NEW HORIZON FUND, INC.

100 East Pratt Street
Baltimore, MD 21202

T. ROWE PRICE NEW HORIZON TRUST

100 East Pratt Street
Baltimore, MD 21202

T. ROWE PRICE U.S. EQUITIES TRUST – SMALL-CAP GROWTH FUND

100 East Pratt Street
Baltimore, MD 21202

T. ROWE PRICE SMALL-CAP VALUE FUND, INC.

100 East Pratt Street
Baltimore, MD 21202

T. ROWE PRICE SMALL-CAP VALUE EQUITY TRUST

100 East Pratt Street
Baltimore, MD 21202

T. ROWE PRICE U.S. EQUITIES TRUST (A/C 7JX4)

100 East Pratt Street
Baltimore, MD 21202

T. ROWE PRICE U.S. EQUITIES TRUST (7KX4)

100 East Pratt Street
Baltimore, MD 21202

SIGMA PARTNERS 6, L.P.

1600 El Camino Real, Ste. 280
Menlo Park, CA 94025

SIGMA ASSOCIATES 6, L.P.

1600 El Camino Real, Ste. 280
Menlo Park, CA 94025

SIGMA INVESTORS 6, L.P.

1600 El Camino Real, Ste. 280
Menlo Park, CA 94025

GLOBESPAN CAPITAL PARTNERS IV, L.P.

One Boston Place, Suite 2810
Boston, MA 02108

GLOBESPAN CAPITAL PARTNERS (CAYMAN) IV, L.P.

One Boston Place, Suite 2810
Boston, MA 02108

GLOBESPAN CAPITAL PARTNERS IV GMBH & Co. KG

One Boston Place, Suite 2810
Boston, MA 02108

JAFCO GLOBESPAN USIT IV, L.P.

One Boston Place, Suite 2810
Boston, MA 02108

GCP IV AFFILIATES, L.P.

One Boston Place, Suite 2810
Boston, MA 02108

CONWAY FAMILY TRUST, DATED 9/25/96, RONALD AND GAYLE CONWAY, TRUSTEES

BENCHMARK CAPITAL PARTNERS V, L.P.

2965 Woodside Road
Woodside, CA 94062

DAG VENTURES III-QP, L.P.

251 Lytton Avenue, Suite 200
Palo Alto, CA 94301

DAG VENTURES III, L.P.

251 Lytton Avenue, Suite 200
Palo Alto, CA 94301

DAG VENTURES GP FUND III, LLC

251 Lytton Avenue, Suite 200
Palo Alto, CA 94301

DAVID CHANG

BABU CHILUKURI

JACK KAY

JOEL MATTOX AND KAREN PERIZZOLO, JOINT TENANTS WITH RIGHT OF SURVIVORSHIP

NAGARAJ PRABHU

RAGHAVEN FAMILY TRUST

ROBERT RIOPEL AND CHERYL RIOPEL, TRUSTEES UNDER THE 1999 REVOCABLE TRUST AGREEMENT DATED MARCH 17, 1999 FBO ROBERT TRIOPEL AND CHERYL RIOPEL

NIKOS TROULLINOS AND SUSANNE BOHL, TTEES U/A DTD DEECMBER 29, 2000 BY TROULLINOS-BOHL LIVING TRUST

MICHAEL SABETHAI

PAUL AND LYNN MCELANEY

JOHN AND NANCY MCELANEY

DIMITRA KITSIOU

RICHARD MCELANEY

ASHISH GUPTA

SABEER BHATIA TRUST

U/D/T AUGUST 6, 1998

VENKATESH HARINARAYAN

BOON-HWEE KOH

RAM SHRIRAM

SANJIV AHUJA

THE CHEN FAMILY TRUST

GORDON ERIK DYAL

SHUBH SAUMYA

PAWAN TEWARI

ASIAN TECHNO INVESTMENTS PTE LTD

10 Anson Road
#29-12 International Plaza
Singapore 079903

**ANAND RAJARAMAN, TRUSTEE OF THE ANAND
RAJARAMAN REVOCABLE TRUST OF 1998 DTD 12/11/98**

SANJU BANSAL

BEALL FAMILY TRUST

RAKESH MATHUR

VIJAY VASHEE

VASUDEV NARAYANAN

BDR INVESTMENTS, LLC

16531 Carousel Lane
Huntington Beach, CA 92649

ELITE GLOBAL OPERATIONS LTD

c/o Impex Pte Ltd
08-21 Peninsula Plaza
North Bridge Road, Singapore
Attn: Sonali

SIAM CHAN CHEN

SAMUEL CHOI

KPCB HOLDINGS, INC., AS NOMINEE

2750 Sand Hill Road
Menlo Park, CA 94025
Attn: John Doerr

LINEA ASSOCIATES LLC

68 Coleytown Road
Westport, CT 06880

F & W INVESTMENTS 2000

Silicon Valley Center
801 California Street
Mountain View, CA 94041
Attn: Laird H. Simons III

ANGEL (Q) INVESTORS II, L.P.
c/o Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, CA 94306
Attn: Casey McGlynn

THE 1994 ROACH FAMILY TRUST DTD: 6/14/94

FOCUS VENTURES II, L.P.
(fka Charter Growth Capital II, L.P.)
525 University Ave, Suite 1400
Palo Alto, CA 94301

CITICORP STRATEGIC TECHNOLOGY CORP.
Citigroup Investments Inc.
388 Greenwich Street
New York, NY 10013
Attn: George Arnold

F & W INVESTMENTS LLC
Silicon Valley Center
801 California Street
Mountain View, CA 94041
Attn: Laird H. Simons III

ACCESS VENTURES FUND LLC
One Corporate Exchange
25825 Science Park Drive, Suite 400
Cleveland, OH 44122
Attn: William Trainor

FV INVESTORS II QP, L.P.
(fka CGC Investors II QP, L.P.)
525 University Ave, Suite 1400
Palo Alto, CA 94301

ANGEL INVESTORS II, L.P.
c/o Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, CA 94306
Attn: Casey McGlynn

INTEGRAL CAPITAL PARTNERS V SIDE FUND, L.P.
2750 Sand Hill Road
Menlo Park, CA 94025

FV INVESTORS II A, L.P.
(fka CGC Investors II A, L.P.)
525 University Ave, Suite 1400
Palo Alto, CA 94301

JOAN MUROSKY

IRENE B. MURPHY

NEW ENTERPRISE ASSOCIATES 10, L.P.
2490 Sand Hill Road
Menlo Park, CA 94025
Attn: Charles Linehan

DIANA JOVIN

TODD GREENE

INTEGRAL CAPITAL PARTNERS SLP SIDE FUND, L.P.
2750 Sand Hill Road
Menlo Park, CA 94025

CROSSBRIDGE PARTNERS FUND I, L.P.

Mr. Shinji Miyashita
Managing Director & General Partner
CrossBridge Venture Partners
Kichijyoji Bldg. 4F
1-8-10 Kichijyoji-hon-cho
Musashino-city Tokyo 180-0004
Japan

F & W INVESTMENTS LLC – SERIES 2003

Silicon Valley Center
801 California Street
Mountain View, CA 94041
Attn: Laird H. Simons III

KINDRED PARTNERS, LLC

100 South Bedford Road, Suite 100
Mount Kisco, NY 10549

SG GROWTH PARTNERS I, LP

Attn: Daniel Marriot
70 East 55th Street, 11th Floor
New York, New York 10022

SELECT ANALYTIX LIMITED

P.O. Box 1569
Gerogetown, Grand Cayman
KY1-1110 Cayman Islands

AMBERBROOK V LLC
25 East 86th Street
New York, New York 10028

INDUSTRY VENTURES FUND V, L.P.
30 Hotaling Place, 3rd Floor
San Francisco, CA 94111

INDUSTRY VENTURES SECONDARY VII, L.P.
30 Hotaling Place, 3rd Floor
San Francisco, CA 94111

FIRSTMARK CAPITAL OF I, LP
100 Fifth Avenue
3rd Floor
New York, NY 10011

THE FIRSTMARK II LIQUIDATING TRUST
100 Fifth Avenue
3rd Floor
New York, NY 10011

SCHEDULE A-2

List of Lenders

NAME AND ADDRESS OF LENDERS

LIGHTHOUSE CAPITAL PARTNERS
3555 Alameda de las Plugas, 2nd Floor
Menlo Park, CA 94015

SILVER LAKE WATERMAN FUND, L.P.
2775 Sand Hill Road, Suite 100
Menlo Park, CA 94025

SCHEDULE B

List of Common Holders

NAME AND ADDRESS OF COMMON HOLDERS

ODYSSEAS TSATLOS

STRATIS KARAMANLAKIS

FABIO ROSATI

SERVAES THOLEN

**REGISTRATION RIGHTS WAIVER AND AMENDMENT TO THE AMENDED AND
RESTATED INVESTORS' RIGHTS AGREEMENT**

This Registration Rights Waiver and Amendment to the Amended and Restated Investors' Rights Agreement (this "**Waiver and Amendment Agreement**") is given as of August 30, 2018 by the undersigned parties to that certain Amended and Restated Investors' Rights Agreement, dated as of August 19, 2014 (the "**Rights Agreement**"), by and among Upwork Inc. (f/k/a Elance-oDesk, Inc.), a Delaware corporation (the "**Company**"), the Investors, the Common Holders, and the Lenders. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Rights Agreement.

RECITALS

A. WHEREAS, the Company is planning an underwritten public offering of the Company's common stock (the "**Public Offering**") pursuant to a Registration Statement on Form S-1 to be filed with the Securities and Exchange Commission on or around August 31, 2018, as may be amended.

B. WHEREAS, in connection with the Public Offering, and as an inducement for the Company and Citigroup Global Markets Inc. and Jefferies LLC, as the representatives of the several underwriters that are underwriting the Public Offering (the "**Representatives**"), to continue their efforts in connection with the Public Offering, the undersigned Investors shall enter into this Waiver and Amendment Agreement.

C. WHEREAS, the Company's Board of Directors has determined it is in the best interests of the Company and its stockholders for the Investors to (i) waive certain of the provisions in the Rights Agreement with respect to registration rights and (ii) amend the Rights Agreement as set forth herein.

D. WHEREAS, Section 7.6 of the Rights Agreement requires the written consent of the Company and the holders of at least a majority of the Registrable Securities then outstanding to waive provisions of the Rights Agreement relating to registration rights and to amend the Rights Agreement (collectively, the "**Requisite Majority**").

E. WHEREAS, the undersigned Investors represent the Requisite Majority and, individually and on behalf of all other Investors, Common Holders and Lenders, desire to amend the Rights Agreement as set forth herein and waive the registration rights with respect to the Public Offering, including, without limitation, the registration rights provided in Section 3.2 of the Rights Agreement, and any related notice rights.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the undersigned hereby agree as follows:

1. Incorporation of Recitals. Each of the above recitals is incorporated herein by reference.
2. Amendment. The definition of "Standoff Period" in the Rights Agreement is hereby amended and restated in its entirety to read as follows:

“Standoff Period” means the period commencing on the date of the final prospectus relating to the IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days).

3. **Waiver of Certain Registration Rights.** The undersigned parties, collectively representing the Requisite Majority, hereby waive on behalf of themselves and all other Investors, Common Holders and Lenders, all registration rights with respect to the Public Offering, including, without limitation, the registration rights provided in Section 3.2 of the Rights Agreement, and any related notice rights.
4. **Applicability of Waiver.** The undersigned parties understand and acknowledge that by executing this Waiver and Amendment Agreement, the waivers set forth in Section 3 shall be effective and binding on the undersigned parties, each holder of any Registrable Securities, each future holder of all such Registrable Securities, each Common Holder and Lender and the Company.
5. **Assignability of Waiver.** The waiver set forth in Section 3 is assignable by the Company and is expressly for the benefit of the Representatives. The undersigned understands that the Company and the Representatives are relying upon this Waiver and Amendment Agreement.
6. **Waiver Expiration.** The waivers set forth in Section 3 shall expire upon the earliest to occur, if any, of (i) the date the Company advises the Representatives, in writing, prior to the execution of an underwriting agreement (the **“Underwriting Agreement”**) providing for the Public Offering, that it has determined not to proceed with the Public Offering, (ii) the date of the termination of the Underwriting Agreement if prior to the closing of the Public Offering or (iii) December 31, 2018 if the Underwriting Agreement has not been executed and delivered by the Company by such date.
7. **Governing Law.** This Waiver and Amendment Agreement shall be governed by, and construed in accordance with, the laws of the State of California, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws.
8. **Ratification.** Except as amended or waived hereby, the Rights Agreement is in all respects ratified and confirmed, and all of the terms, provisions and conditions thereof shall be and remain in full force and effect.
9. **Severability.** If any provision of this Waiver and Amendment Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Waiver and Amendment Agreement and the remainder of this Waiver and Amendment Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Waiver and Amendment Agreement.

10. Successors and Assigns. 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. Nothing in this Waiver and Amendment 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 Waiver and Amendment Agreement, except as expressly provided in this Waiver and Amendment Agreement.

11. Further Assurances. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Waiver and Amendment Agreement.

12. Counterparts. This Waiver and Amendment Agreement may be executed in counterparts, delivered by facsimile or portable document format (.pdf or similar format), each of which will constitute an original and all of which together will constitute one agreement.

13. Miscellaneous. Except as expressly set forth herein, this Waiver and Amendment Agreement shall not apply to any other provisions of the Rights Agreement.

[Signature Pages to Follow]

The parties are signing this Waiver and Amendment Agreement as of the date stated in the introductory clause.

COMPANY:

UPWORK INC.

By: /s/ Stephane Kasriel

Name: Stephane Kasriel

Title: President and Chief Executive Officer

SIGNATURE PAGE TO WAIVER AND AMENDMENT AGREEMENT

The parties are signing this Waiver and Amendment Agreement as of the date stated in the introductory clause.

INVESTORS

GLOBESPAN CAPITAL PARTNERS IV, L.P.

JAFCO GLOBESPAN USIT IV, L.P.

GCP IV AFFILIATES FUND, L.P.

By: Globespan Management Associates IV, L.P.,
its sole General Partner

By: Globespan Management Associates IV, LLC,
its sole General Partner

By: /s/ Tracey Revellino

Name: Tracey Revellino

Its: Authorized Signatory

GLOBESPAN CAPITAL PARTNERS (CAYMAN) IV, L.P.

By: Globespan Management Associates (Cayman) IV, L.P.,
its sole General Partner

By: Globespan Management Associates IV, LLC,
its sole General Partner

By: /s/ Tracey Revellino

Name: Tracey Revellino

Its: Authorized Signatory

GLOBESPAN CAPITAL PARTNERS IV GmbH & Co. KG,
L.P.

By: Globespan Management Associates IV, GmbH,
its General Partner

By: /s/ Tracey Revellino

Name: Tracey Revellino

Its: Authorized Signatory

SIGNATURE PAGE TO WAIVER AND AMENDMENT AGREEMENT

The parties are signing this Waiver and Amendment Agreement as of the date stated in the introductory clause.

INVESTORS

BENCHMARK CAPITAL PARTNERS V, L.P.

as nominee for

Benchmark Capital Partners V, L.P.

Benchmark Founders' Fund V, L.P.

Benchmark Founders Fund V-A, L.P.

Benchmark Founders' Fund V-B, L.P.

KH & CH Investments, L.L.C.

and related individuals

By: Benchmark Capital Management Co. V, L.L.C.,
its general partner

By: /s/ Steven M. Spurlock

Name: Steven M. Spurlock

Title: Managing Member

SIGNATURE PAGE TO WAIVER AND AMENDMENT AGREEMENT

The parties are signing this Waiver and Amendment Agreement as of the date stated in the introductory clause.

INVESTORS

SIGMA PARTNERS 6, L.P.

By: Sigma Management 6, L.L.C.
Its: General Partner

By: /s/ Gregory C. Gretsch
Name: Gregory C. Gretsch
Its: Managing Director

SIGMA ASSOCIATES 6, L.P.

By: Sigma Management 6, L.L.C.
Its: General Partner

By: /s/ Gregory C. Gretsch
Name: Gregory C. Gretsch
Its: Managing Director

SIGMA INVESTORS 6, L.P.

By: Sigma Management 6, L.L.C.
Its: General Partner

By: /s/ Gregory C. Gretsch
Name: Gregory C. Gretsch
Its: Managing Director

SIGNATURE PAGE TO WAIVER AND AMENDMENT AGREEMENT

The parties are signing this Waiver and Amendment Agreement as of the date stated in the introductory clause.

INVESTORS

SG GROWTH PARTNERS I, LP

By: /s/ Daniel C. Marriott

Name: Daniel C. Marriott

Its: Managing Member

SIGNATURE PAGE TO WAIVER AND AMENDMENT AGREEMENT

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 8 OF THIS WARRANT.

ELANCE, INC.

WARRANT

THIS CERTIFIES THAT, for value received and subject to the provisions and upon the terms and conditions set forth in this Warrant, **SILVER LAKE WATERMAN FUND, L.P.** and its assignees are entitled to subscribe for and purchase the Applicable Number of Shares of Applicable Stock of **ELANCE, INC.**, a Delaware corporation (the "**Company**"), at the price of \$0.4083 per share (such price and such other price as shall result, from time to time, from the adjustments specified in 5 hereof is referred to as the "**Exercise Price**").

1. **Definitions.** As used herein, capitalized terms not otherwise defined herein shall have the following respective meanings:

(a) "**Acquisition**" means any transaction or series of related transactions involving (i) any consolidation or merger of the Company with another entity (other than a merger or consolidation effected exclusively to change the Company's domicile) or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization, or (ii) the sale of all or substantially all of the assets of the Company.

(b) "**Act**" means the Securities Act of 1933, as amended.

(c) "**Applicable Number of Shares**" means (i) 1,524,693, plus (ii) from and after, and contingent upon, the funding of the Loan made under Tranche 1, 1,016,462, plus (iii) from and after, and contingent upon, the funding of the Loan made under Tranche 2, 508,231.

(d) "**Applicable Stock**" means (i) (A) initially the Company's presently authorized Series F Preferred Stock, (ii) after the conversion of all of the outstanding shares of Series F Preferred Stock into Common Stock, either automatically or by vote of the requisite holders thereof, the Company's Common Stock, (iii) upon any conversion, exchange, reclassification or change, any security into which the securities described in clauses (i) or (ii) of this definition may be converted, exchanged, reclassified or otherwise changed; (iv) if Pay to Play Provisions are applied to the securities issuable on exercise of this Warrant, the security that a holder of such securities would have received had such holder participated in the manner necessary to receive or retain the security having the rights more favorable to the holder. "Pay to Play Provisions" means (i) provisions that require the holder of a security to participate in a subsequent round of equity financing or lose all or a portion of the benefit of antidilution protection applicable to a security or have such security automatically convert to common stock or another series of capital stock, or (ii) an exchange transaction having the same or similar economic effect.

(e) "**Common Stock**" means the Common Stock of the Company.

(f) "**Date of Grant**" means September 26, 2013.

(g) "**Exercise Price**" means, as it may be adjusted from time to time pursuant to Section 5, the Series F Price.

(h) "**Holder**" means the initial holder of this Warrant set forth in the first paragraph of this Warrant and any other person or entity which becomes a holder of this Warrant pursuant to the terms of this Warrant.

(i) "**IPO**" means the initial public offering of the Company's Common Stock effected pursuant to a registration statement on Form S-1 (or its successor) filed under the Act.

(j) "**Loan**" has the meaning given to it in the Loan Agreement.

(k) "**Loan Agreement**" means the Loan and Security Agreement, dated as of September 26, 2013, among the Company, Silver Lake Waterman Fund, L.P., as Agent and the lenders party thereto.

(l) "**Series F Price**" means \$0.4083.

(m) "**Shares**" means the shares of Applicable Stock of Company issuable upon exercise of this Warrant.

(n) "**Tranche 1**" has the meaning given to it in the Loan Agreement.

(o) "**Tranche 2**" has the meaning given to it in the Loan Agreement.

2. **Term.** The purchase right represented by this Warrant is exercisable, in whole or in part, at any time and from time to time from the Date of Grant through the seventh anniversary of the Date of Grant.

Notwithstanding the foregoing, in the event of an Acquisition (as defined in Section 1(a)) where the consideration received by holders of Applicable Stock in such Acquisition is all cash, then this Warrant (i) to the extent the cash consideration per share of Applicable Stock exceeds the Exercise Price, shall be deemed exercised in accordance with the provisions of Section 3(b) immediately prior to the closing of the Acquisition, or (ii) to the extent the cash consideration per share of Applicable Stock does not exceed the Exercise Price, shall terminate.

3. **Method of Exercise; Payment; Issuance of New Warrant; Net Issuance.**

(a) Subject to Section 2 hereof, the purchase right represented by this Warrant may be exercised by the Holder, in whole or in part and from time to time, at the election of the Holder, by (a) the delivery of the notice of exercise substantially in the form attached hereto as Exhibit A-1, duly completed and executed, at the principal office of the Company and by the payment to the Company, by certified or bank check, or by wire transfer to an account designated by the Company of an amount equal to the then applicable Exercise Price multiplied by the number of Shares then being purchased; (b) if in connection with

a registered public offering of the Company's securities, the delivery of the notice of exercise form attached hereto as Exhibit A-2, duly completed and executed, at the principal office of the Company together with notice of arrangements reasonably satisfactory to the Company for payment to the Company from the proceeds of the sale of shares to be sold by the Holder in such public offering of an amount equal to the then applicable Exercise Price per share multiplied by the number of Shares then being purchased; or (c) exercise of the "net issuance" right provided for in Section 3(b) hereof. The person or persons in whose name(s) Shares shall be registered upon exercise of this Warrant shall be deemed to have become the holder(s) of record of, and shall be treated for all purposes as the record holder(s) of, the shares represented thereby (and such shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of this Warrant, certificates for the shares of stock so purchased shall be delivered to the Holder as soon as possible and in any event within thirty (30) days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder (subject to delivery of the old Warrant to the Company) as soon as possible and in any event within such thirty-day period; provided, however, that at such time as the Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, if requested by the Holder, the Company shall cause its transfer agent to deliver the certificate representing Shares issued upon exercise of this Warrant to, or credit the securities account of, a broker or other person (as directed by the Holder exercising this Warrant) within the time period required to settle any trade made by the Holder after exercise of this Warrant.

(b) Right to Convert Warrant into Stock: Net Issuance.

(i) Right to Convert. In addition to and without limiting the rights of the Holder under the terms of this Warrant, the Holder shall have the right to convert this Warrant or any portion thereof (the "**Conversion Right**") into shares of Applicable Stock as provided in this Section 3(b) at any time or from time to time during the term of this Warrant. Upon exercise of the Conversion Right with respect to a particular number of shares subject to this Warrant (the "**Converted Warrant Shares**"), the Company shall deliver to the Holder (without payment by the Holder of any exercise price or any cash or other consideration) that number of shares of fully paid and nonassessable Applicable Stock as is determined according to the following formula:

$$X = \frac{B - A}{Y}$$

Where: X = the number of shares of Applicable Stock that shall be issued to Holder

Y = the fair market value of one share of Applicable Stock

A = the aggregate Exercise Price of the specified number of Converted Warrant Shares immediately prior to the exercise of the Conversion Right (*i.e.*, the number of Converted Warrant Shares *multiplied by* the Exercise Price)

B = the aggregate fair market value of the specified number of Converted Warrant Shares (*i.e.*, the number of Converted Warrant Shares *multiplied by* the fair market value of one Converted Warrant Share)

(ii) Method of Exercise. The Conversion Right may be exercised by the Holder by the delivery by Holder of a written statement (which may be in the form of Exhibit A-1 or Exhibit A-2 hereto) specifying that the Holder thereby intends to exercise the Conversion Right and indicating the number of shares subject to this Warrant which are being surrendered (referred to in Section 3(b)(i) hereof as the Converted Warrant Shares) in exercise of the Conversion Right. Such conversion shall be effective upon receipt by the Company of the aforesaid written statement, or on such later date as is specified therein, and, at the election of the Holder, may be made contingent upon the closing of the sale of the Company's Common Stock to the public in a public offering pursuant to a registration statement under the Act (a "**Public Offering**").

(iii) Determination of Fair Market Value. For purposes of this Section 3(b), "fair market value" of a share of Applicable Stock (or Common Stock if the Applicable Stock has been automatically converted into Common Stock) as of a particular date (the "Determination Date") shall mean:

(1) If the Conversion Right is exercised in connection with and contingent upon a Public Offering, and if the Company's registration statement relating to such Public Offering ("**Registration Statement**") has been declared effective by the Securities and Exchange Commission, then the initial "Price to Public" specified in the final prospectus with respect to such Public Offering.

(2) If the Conversion Right is not exercised in connection with and contingent upon a Public Offering, then as follows:

(A) If regularly traded on a nationally recognized securities exchange, interdealer quotation system or over-the-counter market (not including any secondary market for securities of non-public companies), the fair market value of the Common Stock shall be deemed to be the closing price or last sale price of the Common Stock on the trading day immediately prior to the Determination Date, and the fair market value of the Applicable Stock shall be deemed to be such fair market value of the Common Stock multiplied (if the Applicable Stock is not then constituted as Common Stock) by the number of shares of Common Stock into which each share of Applicable Stock is then convertible; and

(B) If there is no liquid public market for the Common Stock, then fair market value shall be reasonably determined in good faith by the board of directors of the Company.

(iv) If closing prices or last sale prices are no longer reported by a securities exchange or other trading system, the closing price or last sale price shall be that which is reported by such securities exchange or other trading system at 4:00 p.m. New York City time on the applicable trading day.

4. Stock Fully Paid; Reservation of Shares. All Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance pursuant to the terms and conditions herein, be fully paid and nonassessable, and free from all preemptive rights and taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Applicable Stock to provide for the exercise of the rights represented by this Warrant and, while applicable, a sufficient number of shares of its Common Stock to provide for the conversion of the Applicable Stock into Common Stock.

5. Adjustment of Exercise Price and Number of Shares. The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) Corporate Events. In case of any reclassification or change of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is the acquiring and the surviving corporation and which does not result in any reclassification or change of outstanding securities issuable upon exercise of this Warrant and other than an Acquisition that results in the exercise or termination of this Warrant) (each, a "**Corporate Event**"), the Company, or such successor corporation, as the case may be, shall duly execute and deliver to the Holder a new Warrant (in form and substance satisfactory to the Holder), or the Company shall make appropriate provision without the issuance of a new Warrant, so that the Holder shall have the right to receive upon exercise of this Warrant, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the shares of Applicable Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such Corporate Event by a holder of the number of shares of Applicable Stock then purchasable under this Warrant. Any new Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5. The provisions of this Section 5(a) shall similarly apply to successive Corporate Events.

(b) Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its outstanding shares of Applicable Stock, the Exercise Price shall be proportionately decreased and the number of Shares issuable hereunder shall be proportionately increased in the case of a subdivision and the Exercise Price shall be proportionately increased and the number of Shares issuable hereunder shall be proportionately decreased in the case of a combination.

(c) Stock Dividends and Other Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall (i) pay a dividend with respect to Applicable Stock payable in Applicable Stock, then the Exercise Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend or distribution, to that price determined by multiplying the Exercise Price in effect immediately prior to such date of determination by a fraction (A) the numerator of which shall be the total number of shares of Applicable Stock outstanding immediately prior to such dividend or distribution, and (B) the denominator of which shall be the total number of shares of Applicable Stock outstanding immediately after such dividend or distribution; or (ii) make any other distribution with respect to Applicable Stock (except any distribution specifically provided for in Sections 5(a) and 5(b)), then, in each such case, provision shall be made by the Company such that the Holder shall receive upon exercise of this Warrant a proportionate share of any such dividend or distribution as though it were the holder of the Applicable Stock (or Common Stock issuable upon conversion thereof) as of the record date fixed for the determination of the shareholders of the Company entitled to receive such dividend or distribution.

(d) Adjustment of Number of Shares. Upon each adjustment in the Exercise Price, the number of Shares of Applicable Stock purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Shares purchasable immediately prior to such adjustment in the Exercise Price by a fraction, the numerator of which shall be the Exercise Price immediately prior to such adjustment and the denominator of which shall be the Exercise Price immediately thereafter.

(e) Antidilution Rights. The other antidilution rights applicable to the Shares of Applicable Stock purchasable hereunder are set forth in the Company's Certificate of Incorporation, as amended through the Date of Grant, a true and complete copy of which is attached hereto as Exhibit B (the "**Charter**"). The Company shall provide the Holder with any restatement, amendment, modification or waiver of the Charter promptly after the same has been made.

6. Notice of Adjustments. Whenever the Exercise Price or the number of Shares purchasable hereunder shall be adjusted pursuant to Section 5 hereof, the Company shall deliver to Holder a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Exercise Price and the number of Shares purchasable hereunder after giving effect to such adjustment. In addition, whenever the conversion price or conversion ratio of the Applicable Stock shall be adjusted, the Company shall deliver to Holder a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the conversion price or ratio of the Applicable Stock after giving effect to such adjustment. Whenever the Exercise Price or the number of Shares purchasable hereunder shall be fixed according to a formula based upon the occurrence of an event or events subsequent to the Date of Grant, at the end of the period during which the event or events can occur, the Company shall deliver to Holder a certificate signed by its chief financial officer setting forth the Exercise Price and/or number of Shares purchasable hereunder, and, in reasonable detail, the calculation of the Exercise Price and/or such number of Shares.

7. Fractional Shares. No fractional shares of Applicable Stock will be issued in connection with any exercise or conversion hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefor based on the fair market value of the Applicable Stock on the date of exercise or conversion as reasonably determined in good faith by the Company's Board of Directors.

8. Compliance with Act; Disposition of Warrant or Shares of Applicable Stock.

(a) Compliance with Act. The Holder, by acceptance hereof, agrees that this Warrant, and the shares of Applicable Stock to be issued upon exercise hereof and any Common Stock issued upon conversion thereof are being acquired for investment and that the Holder will not offer, sell or otherwise dispose of this Warrant, or any shares of Applicable Stock to be issued upon exercise hereof or any Common Stock issued upon conversion thereof except under circumstances which will not result in a violation of the Act or any applicable state securities laws. Upon exercise of this Warrant, unless such exercise is registered under the Act and any applicable state securities laws or an exemption from such registration is available, the Holder shall confirm in writing that the shares of Applicable Stock so purchased (and any Common Stock issued upon conversion thereof) are being acquired for investment and not with a view toward distribution or resale in violation of the Act and shall confirm such other matters related thereto as may be reasonably requested by the Company. This Warrant and all shares of Applicable Stock issued upon exercise of this Warrant and all Common Stock issued upon conversion thereof (unless no longer required under applicable law) shall be stamped or imprinted with a legend in substantially the following form:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 8 OF THE WARRANT UNDER WHICH THESE SECURITIES WERE ISSUED, DIRECTLY OR INDIRECTLY."

Said legend shall be removed by the Company, upon the request of the Holder, at such time as the restrictions on the transfer of the applicable security shall have terminated. In addition, in connection with the issuance of this Warrant, the Holder specifically represents to the Company by acceptance of this Warrant as follows:

(1) The Holder is aware of the Company's business affairs and financial condition, and has acquired information about the Company sufficient to reach an informed and knowledgeable decision to acquire this Warrant. The Holder is acquiring this Warrant for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof in violation of the Act.

(2) The Holder understands that this Warrant has not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein.

(3) The Holder further understands that this Warrant must be held indefinitely unless subsequently registered under the Act and qualified under any applicable state securities laws, or unless exemptions from registration and qualification are otherwise available. The Holder is aware of the provisions of Rule 144, promulgated under the Act.

(4) The Holder is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Act.

(b) Disposition of Warrant or Shares. With respect to any offer, sale or other disposition of this Warrant or any shares of Applicable Stock acquired pursuant to the exercise of this Warrant, the Holder agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of counsel (at the Holder's expense, unless a blanket opinion covering this Warrant or any shares of Applicable Stock acquired pursuant to the exercise of this Warrant is being rendered by Company counsel upon which it shall be at the Company's expense), or other evidence, if reasonably satisfactory to the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the Act as then in effect or any federal or state securities law then in effect) of this Warrant or such shares of Applicable Stock or Common Stock and indicating whether or not under the Act certificates for this Warrant or such shares of Applicable Stock to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. Upon receiving such written notice and reasonably satisfactory opinion or other evidence, the Company, as promptly as practicable but no later than fifteen (15) days after receipt of the written notice, shall notify the Holder that the Holder may sell or otherwise dispose of this Warrant or such shares of Applicable Stock or Common Stock, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 8(b) that the opinion of counsel or other evidence is not reasonably satisfactory to the Company, the Company shall so notify the Holder promptly with details thereof after such determination has been made. Notwithstanding the foregoing, this Warrant or such shares of Applicable Stock or Common Stock may, as to such federal laws, be offered, sold or otherwise disposed of (i) pursuant to an effective registration statement covering such securities or (ii) in accordance with Rule 144 or 144A under the Act, provided that the Company shall have been furnished with such information as the Company may reasonably request to provide a reasonable assurance that the provisions of Rule 144 or 144A have been satisfied. Each certificate representing this Warrant or the shares of Applicable

Stock thus transferred (except a transfer pursuant to an effective registration statement or Rule 144 or 144A) shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for the Holder, such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

(c) Applicability of Restrictions. Neither any restrictions of any legend described in this Warrant nor the requirements of Section 8(b) above shall apply to any transfer of, or grant of a security interest in, this Warrant (or the Applicable Stock obtainable upon exercise thereof) or any part hereof (i) to a partner of the Holder if the Holder is a partnership or to a member of the Holder if the Holder is a limited liability company, (ii) to a partnership of which the Holder is a partner or to a limited liability company of which the Holder is a member, or (iii) to a single affiliate of the Holder if the Holder is a corporation, where, in each case, the transferee is an "accredited investor"; provided, however, in any such transfer, if applicable, the transferee shall on the Company's request agree in writing to be bound by the terms of this Warrant as if an original holder hereof.

(d) "Market Stand-Off". Holder hereby agrees that it shall not, to the extent requested by the Company or an underwriter of securities of the Company, sell or otherwise transfer or dispose of any Applicable Stock or other shares of stock of the Company then owned by such Holder (other than to donees or partners of the Holder who agree to be similarly bound) for up to one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Act; provided, however, that:

(i) such agreement shall be applicable only to the first such registration statement of the Company that covers securities to be sold on its behalf to the public in an underwritten offering but not to registrable securities sold pursuant to such registration statement;

(ii) all officers and directors of the Company then holding Common Stock of the Company, or other securities convertible into Common Stock of the Company, enter into similar agreements, and all holders of at least five percent (5%) of the Company's securities purchased from the Company (other than securities purchased from the Company at any time after the date of this Warrant in a registered public offering) and all other persons with registration rights (whether or not pursuant to this Warrant) are bound by and have entered into a similar agreement and the restrictions on transfer have not been waived in whole or in part with respect to any such officers, directors, holders or persons; and

(iii) In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the shares subject to this Section 8(d) and to impose stop transfer instructions with respect to the securities and such other shares of stock of Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

9. Rights as Shareholders; Information. No Holder, as a holder of this Warrant, shall be entitled to vote or receive dividends or be deemed the holder of Applicable Stock for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, until this Warrant shall have been exercised or converted and the Shares purchasable upon the exercise or conversion hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, the Company will transmit to the Holder such information, documents and reports as are generally distributed to the holders of any class or series of the securities of the Company concurrently with the distribution thereof to the shareholders. In addition, the Company agrees to provide in a timely manner any information reasonably requested by the Holder to enable the Holder and its affiliates to comply with their accounting reporting requirements. Prior to the effective date of an IPO, Company will also provide Holder the following information:

(a) As soon as practicable (and in any event within thirty (30) days after the end of each quarter), unaudited financial statements for such quarter, certified by Company's Chief Executive Officer or Chief Financial Officer to fairly present in all material respects the data reflected therein.

(b) As soon as practicable (and in any event within one hundred twenty (120) days after the end of each fiscal year), audited financial statements for such year, setting forth in comparative form the corresponding figures for the preceding fiscal year, and accompanied by an audit report and unqualified opinion of the independent certified public accountants of recognized national standing selected by Company.

(c) No later than thirty (30) days before the start of Company's fiscal year, financial projections for the next fiscal year approved by Company's Board of Directors.

(d) Upon request by the Holder, the latest available stockholder or shareholder valuation report of the Company that provides the latest valuation of the Company's stock, which information shall be subject to the confidentiality provisions set forth in Section 12.12 of the Loan Agreement.

(e) Upon request by the Holder, the latest available summary of the Company's equity capital account showing share classes, number of shares outstanding in each share class, common stock equivalents for each class, stock incentive plan amounts, amounts paid per share for each share class and valuation as of the last round of financing.

10. Additional Rights.

(a) Notice of Transactions. The Company shall provide the Holder with at least twenty (20) days' written notice prior to closing thereof of the terms and conditions of any of the following transactions (to the extent the Company has notice thereof): (i) any Acquisition of the Company or any liquidation or winding up of the Company, (ii) any declaration of a dividend or distribution, whether in cash, property, stock, or other securities; or (iii) any offer for subscription or sale pro rata to the holders of the outstanding shares of Applicable Stock any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights).

(b) Exercise Prior to Expiration. To the extent this Warrant is not previously exercised as to all of the Shares subject hereto, and if the fair market value of one share of the Applicable Stock is greater than the Exercise Price then in effect, this Warrant shall be deemed automatically exercised pursuant to Section 3(b) above (even if not surrendered) immediately before its expiration. For purposes of such automatic exercise, the fair market value of one share of the Applicable Stock upon such expiration shall be determined pursuant to Section 3(b). To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this Section 10(b), the Company agrees to promptly notify the Holder of the number of Shares, if any, the Holder is to receive by reason of such automatic exercise.

(c) Down Rounds. If the Company conducts a private offering of equity securities of the Company for the purpose of raising capital after the original date of issuance of this Warrant at a price per share lower than the Exercise Price then in effect (such offering being referred to herein as a "**Down Round**"), the Company shall give the Holder the opportunity to purchase up to that number of shares of equity securities of the Company to be sold through the Down Round as will enable the Holder to own or

acquire immediately after completion of the Down Round the same percentage of the equity securities of the Company (on a fully diluted basis) as the Holder owned and/or had the right to purchase under this Warrant immediately prior to commencement of the Down Round offering. In this regard, the Company shall provide written notice to the Holder reasonably in advance of a proposed Down Round, which notice shall state, to the extent then known by the Company, the number and type of shares of equity securities proposed to be sold through the Down Round and the per share price, and shall establish a deadline, not less than 20 days after the giving of such notice, by which the Holder must deliver its written election to purchase shares in the Down Round. The per share price payable by the Holder in the Down Round shall be the same per share price payable by the lead investor in the Down Round. If the Company fails timely to afford the Holder the opportunity to participate in the Down Round in the foregoing manner, then the Holder shall be entitled to purchase under this Warrant (in addition to the securities previously purchasable upon exercise of this Warrant), the securities the Holder was entitled to purchase under this Section 10(c) at the price specified in this Section 10(c).

11. Representations and Warranties. The Company represents and warrants to the Holder as follows:

(a) This Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and the rules of law or principles at equity governing specific performance, injunctive relief and other equitable remedies.

(b) The Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and free from preemptive rights.

(c) The rights, preferences, privileges and restrictions granted to or imposed upon the Applicable Stock and the holders thereof are as set forth in the Charter, and on the Date of Grant, each share of the Applicable Stock represented by this Warrant is convertible into one share of Common Stock.

(d) The shares of Common Stock issuable upon conversion of the Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms of the Charter will be validly issued, fully paid and nonassessable.

(e) The execution and delivery of this Warrant are not, and the issuance of the Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's Charter or by-laws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any Federal, state or local government authority or agency or other person, except for the filing of notices pursuant to federal and state securities laws, which filings will be effected by the time required thereby.

(f) There are no actions, suits, audits, investigations or proceedings pending or, to the knowledge of the Company, threatened against the Company in any court or before any governmental commission, board or authority which, if adversely determined, could have a material adverse effect on the ability of the Company to perform its obligations under this Warrant.

(g) The number of shares of Common Stock of the Company outstanding on the date hereof, on a fully diluted basis (assuming the conversion of all outstanding convertible securities and the exercise of all outstanding options and warrants, but not counting shares issuable pursuant to this warrant), does not exceed [304,938,663] shares.

12. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

13. Notices. Any notice, request, communication or other document required or permitted to be given or delivered to the Holder or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, to the Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant. Such notice, request, communication or other document may also be delivered by any other means of transmission so long as reasonable confirmation of receipt by the addressee is obtained.

14. Binding Effect on Successors. This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Applicable Stock issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the Holder.

15. Lost Warrants or Stock Certificates. The Company covenants to the Holder that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or stock certificate, the Company will make and deliver a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

16. Descriptive Headings. The descriptive headings of the various Sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The language in this Warrant shall be construed as to its fair meaning without regard to which party drafted this Warrant.

17. Governing Law. This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California.

18. Survival of Representations, Warranties and Agreements. All representations and warranties of the Company and the Holder contained herein shall survive the Date of Grant, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and the Holder contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

19. Remedies. In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, the Holder (in the case of a breach by the Company), or the Company (in the case of a breach by the Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

20. Severability. The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

21. Recovery of Litigation Costs. If any legal action or other proceeding is brought for the enforcement of this Warrant, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Warrant, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

22. Entire Agreement. This Warrant constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties, whether oral or written, with respect to such subject matter.

The Company has caused this Warrant to be duly executed and delivered as of the Date of Grant specified above.

ELANCE, INC.

By /s/ Servaes Tholen
Servaes Tholen

Title Chief Financial Officer

Address:
441 Logue Avenue
Mountain View, CA 94043

EXHIBIT A-1

NOTICE OF EXERCISE

To: ELANCE, INC. (the "Company")

Re: Warrant dated _____, 2013, issued by the Company to SILVER LAKE WATERMAN FUND, L.P. (the "Warrant")

1. The undersigned hereby:

- elects to purchase _____ shares of Series F Preferred Stock of the Company pursuant to the terms of the Warrant, and tenders herewith payment of the purchase price of such shares in full, or
- elects to exercise its net issuance rights pursuant to Section 3(b) of the Warrant with respect to _____ Shares of Series F Preferred Stock of the Company.

2. Please issue a certificate or certificates representing ___ shares in the name of the undersigned or in such other name or names as are specified below:

(Name)

(Address)

3. The undersigned represents that the aforesaid shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares, all except as in compliance with applicable securities laws.

(Signature)

(Date)

EXHIBIT A-2

NOTICE OF EXERCISE

To: ELANCE, INC. (the "Company")

Re: Warrant dated _____, 2013, issued by the Company to SILVER LAKE WATERMAN FUND, L.P. (the "Warrant")

1. Contingent upon and effective immediately prior to the closing (the "Closing") of the Company's public offering contemplated by the Registration Statement on Form S _____, filed _____, 20____, the undersigned hereby:

- elects to purchase _____ shares of Series F Preferred Stock of the Company (or such lesser number of shares as may be sold on behalf of the undersigned at the Closing) pursuant to the terms of the Warrant, or
- elects to exercise its net issuance rights pursuant to Section 3(b) of the Warrant with respect to _____ Shares of Series F Preferred Stock.

2. Please deliver to the custodian for the selling shareholders a stock certificate representing such _____ shares.

3. The undersigned has instructed the custodian for the selling shareholders to deliver to the Company \$_____ or, if less, the net proceeds due the undersigned from the sale of shares in the aforesaid public offering. If such net proceeds are less than the purchase price for such shares, the undersigned agrees to deliver the difference to the Company prior to the Closing.

(Signature)

(Date)

EXHIBIT B

CHARTER

CERTIFICATE OF ADJUSTMENT OF WARRANT

In connection with this Certificate of Adjustment of Warrant (this "Certificate"), reference is made to that certain Warrant issued by Elance, Inc., a Delaware corporation ("Elance") to Silver Lake Waterman Fund, L.P. (the "Holder") on September 26, 2013 (the "Warrant") whereby Elance granted to the Holder the right to purchase shares of Series F Preferred Stock of Elance, subject to the terms and conditions set forth in the Warrant. Unless otherwise defined herein, all other capitalized terms used herein shall have the respective meanings given to those terms in the Warrant.

WHEREAS, pursuant to that certain Agreement and Plan of Reorganization dated December 17, 2013 (the "Agreement"), oDesk Corporation, a California corporation, and Elance, each became wholly owned subsidiaries of Elance-oDesk, Inc., a Delaware corporation ("Parent"), through two simultaneous merger transactions (collectively, the "Transaction").

WHEREAS, in connection with the Transaction, the Warrant has been assumed by Parent and is now exercisable for a combination of Parent's Series A-1 Preferred Stock and Parent's Series A-2 Preferred Stock.

WHEREAS, Section 6 of the Warrant requires Parent to acknowledge its obligations under the Warrant.

NOW THEREFORE, Elance and Parent each hereby certifies to Holder as follows:

1. Acknowledgement of Warrant. Parent and Elance each hereby acknowledge that Elance's obligations under the Warrant have been assumed by Parent and that the Holder's rights and obligations, each as set forth in the Warrant, are enforceable against and by, respectively, Parent.

2. Acknowledgement of Warrant Stock and Warrant Price; Waiver. Parent hereby agrees and acknowledges that:

(i) upon the exercise of the Warrant, the Holder shall be entitled to receive in place of each such share of Series F Preferred Stock previously exercisable under the Warrant, 0.040830 shares of Parent's Series A-1 Preferred Stock and 0.089797 shares of Parent's Series A-2 Preferred Stock, and the term "Applicable Stock" as used in Section 1(d)(i)(A) of the Warrant shall reference such Series A-1 Preferred Stock and Series A-2 Preferred Stock issued or issuable upon the exercise of the Warrant;

(ii) (a) on the date hereof, the Warrant is exercisable for an aggregate of up to 103,755 shares of Parent's Series A-1 Preferred Stock and 228,187 shares of Parent's Series A-2 Preferred Stock, issued in a fixed ratio set forth above based on the number of shares of Series F Preferred Stock otherwise issuable upon the exercise of the Warrant, subject to further adjustment pursuant to the terms of the Warrant, and (b) from and after, and contingent upon, the funding of the Loan made under Tranche 2, the Warrant will be exercisable for an aggregate of up to 124,506 shares of Parent's Series A-1 Preferred Stock and 273,825 shares of Parent's Series A-2 Preferred Stock, issued in a fixed ratio set forth above based on the number of shares of Series F Preferred Stock otherwise issuable upon the exercise of the Warrant, subject to further adjustment pursuant to the terms of the Warrant; and

(iii) the exercise price per share of the Warrant is fixed at \$0.4083 per share of Series F Preferred Stock otherwise issuable upon the exercise of the Warrant, subject to further adjustment pursuant to the terms of the Warrant.

3. Entire Agreement. This Certificate, together with the Warrant, sets forth the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes and replaces all prior agreements, understandings, and negotiations among the parties with respect to the subject matter hereof. Except as expressly set forth herein, nothing in this Certificate shall be deemed to amend, alter or supersede the terms of the Warrant. Parent and Elance shall have no obligation to the Holder with respect to the Warrant except as expressly set forth in the Warrant as modified by this Certificate.

4. Counterparts. This Certificate may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5. Governing Law; Forum. This Certificate shall be construed under the substantive laws of the State of California and all matters pertaining to this Certificate shall be governed by the laws of the State of California.

[Signature Page Follows]

ELANCE-ODESK, INC.

By: /s/ Servaes Tholen
Name: Servaes Tholen
Title: Chief Financial Officer

ELANCE, INC.

By: /s/ Servaes Tholen
Name: Servaes Tholen
Title: Chief Financial Officer

ACKNOWLEDGED AND AGREED:

By signing below, the Holder hereby acknowledges receipt of the foregoing, agrees with the adjustments set forth herein and waives any and all notice provisions in the Warrant with regards to the Transaction.

SILVER LAKE WATERMAN FUND, LP

By: SILVER LAKE TECHNOLOGY ASSOCIATES
WATERMAN, L.L.C., its general partner

By: /s/ Shawn K. O'Neill
Name: **Shawn K. O'Neill**
Title: **Managing Director**

SIGNATURE PAGE TO THE NOTICE OF ADJUSTMENT OF WARRANT

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION UNDER SUCH LAWS OR EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

UPWORK INC.

**WARRANT TO PURCHASE
COMMON STOCK**

THIS CERTIFIES THAT, for value received, Tides Foundation (the "Holder") is entitled to purchase, on the terms and subject to the conditions hereof, the number of shares of Common Stock, par value \$0.0001 per share (the "Common Stock"), of Upwork Inc., a Delaware corporation (the "Company"), set forth below, at a per share purchase price of \$0.01 (the "Exercise Price"), subject to adjustment as provided herein.

The following terms shall apply to this Warrant:

1. Exercise of Warrant. The terms and conditions upon which this Warrant may be exercised, and the Common Stock covered hereby (the "Warrant Shares") may be purchased, are as follows:

1.1 Number of Shares. This Warrant shall be exercisable for up to 500,000 Warrant Shares, which number shall be subject to adjustment in accordance with Section 2 of this Warrant. The Warrant shall vest and become exercisable by the Holder as follows: (i) on the one-year anniversary of the closing date of the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act of 1933, as amended (the "Initial Offering"), with respect to 50,000 Warrant Shares (which number shall be subject to adjustment in accordance with Section 2 of this Warrant) and (ii) on each subsequent one-year anniversary of the Initial Offering thereafter, with respect to 50,000 additional Warrant Shares (which number shall be subject to adjustment in accordance with Section 2 of this Warrant).

1.2 Exercise. Holder may not exercise this Warrant with respect to any unvested portion of this Warrant. Any vested portion of the Warrant may be exercised in whole or in part prior to the earlier of (a) the date that is eleven years from the closing of the Initial Offering (the "Termination Date") and (b) the closing date of a Sale of the Company. If not exercised on or prior to the Termination Date or a Sale of the Company, this Warrant shall be void thereafter. Furthermore, this Warrant may not be exercised if the issuance of the Warrant Shares upon such exercise would constitute a violation of any applicable federal or state securities laws or regulations. The exercise of the purchase rights hereunder, in whole or in part, shall be effected by (i) the surrender of this Warrant, together with a duly executed copy of the form of the subscription attached as Exhibit A hereto, to the Company at its principal executive offices, and (ii) the delivery of the Exercise Price by (x) cashier's or certified check or bank draft payable

to the Company's order, (y) by wire transfer to the Company's account, or (z) pursuant to Section 1.4 of this Warrant for the number of Warrant Shares for which the purchase rights hereunder are being exercised.

1.3 Automatic Exercise. Notwithstanding any provision herein to the contrary, this Warrant shall automatically be deemed to be exercised in full with respect to any vested portion of this Warrant in the manner set forth in Section 1.4 of this Warrant, without any further action on behalf of Holder (other than the payment of the exercise price in the manner set forth in Section 1.4 of this Warrant) on the earliest date immediately prior to (a) the time this Warrant would otherwise expire or (b) immediately prior to a Sale of the Company. A "Sale of the Company," shall mean either of the following: (A) a merger or consolidation (each a "Combination") in which (i) the Company is a constituent party or (ii) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such Combination, except any such Combination involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such Combination continue to represent, or are converted into or exchanged for equity securities that represent, immediately following such Combination, at least a majority, by voting power, of the equity securities of (1) the surviving or resulting party or (2) if the surviving or resulting party is a wholly owned subsidiary of another party immediately following such Combination, the parent of such surviving or resulting party; or (B) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary or subsidiaries of the Company, of all or substantially all the assets (or in the case of an exclusive license, of all or substantially all of the Company's intellectual property) of the Company and its subsidiaries taken as a whole (or, if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by one or more subsidiaries, the sale or disposition (whether by consolidation, merger, conversion or otherwise) of such subsidiaries of the Company), except where such sale, lease, transfer or other disposition is made to the Company or one or more wholly owned subsidiaries of the Company. In connection with the exercise of this Warrant pursuant to clause (b) above, such exercise shall be conditioned upon the closing of such Sale of the Company, and the Warrant shall not be deemed to have been exercised until the closing of such Sale of the Company.

1.4 Net Issue Election.

(a) Upon automatic exercise of this Warrant as provided in Section 1.3 of this Warrant or at any time or from time to time as Holder may elect with respect to any vested portion of this Warrant, Holder shall be entitled to receive, without the payment by Holder of any additional consideration, shares of Common Stock equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, with the net issue election notice attached hereto as Exhibit B duly executed (other than exercise pursuant to Section 1.3), at the Company's executive principal offices. Thereupon, the Company shall issue to Holder such number of fully paid and non-assessable shares of Common Stock as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where:

X = the number of shares of Common Stock to be issued to Holder

Y = the number of shares of Common Stock purchasable under this Warrant in respect of which the net issue election is made

A = the fair market value of one share of Common Stock, as determined pursuant to Section 1.4(b) of this Warrant, as at the time the net issue election is made

B = the Exercise Price in effect under this Warrant at the time the net issue election is made

(b) For purposes of this Section 1.4, fair market value of one share of Common Stock as of a particular date shall mean:

(i) If the Company's Common Stock is listed on a security exchange, the average closing price of the Company's Common Stock on such exchange for the five trading days prior to the day notice of exercise is provided to the Company;

(ii) In the case of an automatic exercise in connection with a Sale of the Company, the effective per share consideration to be received by the holders of the Common Stock; or

(iii) If Sections 1.4(b)(i) or (ii) of this Warrant do not apply, then as determined by the Company's board of directors in good faith.

1.5 Issuance of Shares. In the event of any exercise of the rights represented by this Warrant in accordance with and subject to the terms and conditions hereof, (a) certificates or book-entry entitlements for the shares of Common Stock so purchased shall be dated the date of issuance and, together with any other securities issuable upon such exercise and any other property to which the Holder may be entitled upon such exercise, shall be delivered to the Holder hereof within a reasonable time, with the certificates or book-entry entitlements for the shares of Common Stock so purchased being in such denominations as may be specified in the applicable Exercise Notice, and registered in the name of the Holder or such other name or names as shall be specified in the applicable Exercise Notice, and the Holder hereof (or such other person(s)) shall be deemed for all purposes to be the holder of record of the shares of Common Stock so purchased as of the date of such exercise, and (b) unless this Warrant has expired, a new warrant representing the number of shares of Common Stock, if any, with respect to which this Warrant shall not then have been exercised (less any amount thereof which shall have been cancelled in payment or partial payment of the Exercise Price as hereinafter provided) shall also be issued to the Holder hereof within such time. The issuance of certificates or book-entry entitlements for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issuance tax in respect thereof or other cost incurred by the Company in connection with such exercise and the related issuance of shares of Common Stock.

1.6 Written Acknowledgement. Upon any issuance of shares in accordance with and pursuant to the terms of this Warrant, Holder shall provide written acknowledgement of such issuance to the Company in accordance with Holder's standard practice for charitable donations of this type.

2. Certain Adjustments.

2.1 Merger, Sale of Assets, Etc. If at any time while this Warrant, or any portion hereof, is outstanding and unexpired there shall be (a) a reorganization (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), (b) a merger or consolidation of the Company with or into another corporation in which the Company is not the surviving entity, or a reverse triangular merger in which the Company is the surviving entity but the shares of the Company's capital stock outstanding immediately prior to the merger are converted by virtue of the merger into other property, whether in the form of securities, cash, or otherwise, or (c) a sale or transfer of the Company's properties and assets as, or substantially as, an entirety to any other person, then, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that Holder shall thereafter be entitled to receive upon exercise of this Warrant in accordance with the terms hereof, during the period and upon the events specified herein and upon payment of the Exercise Price then in effect, the

number of shares of stock or other securities or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that a holder of the shares deliverable upon exercise of this Warrant would have been entitled to receive in such reorganization, consolidation, merger, sale or transfer if this Warrant had been exercised immediately before such reorganization, consolidation, merger, consolidation, sale or transfer, all subject to further adjustment as provided in this Section 2. The foregoing provisions of this Section 2.1 shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any other corporation that are at the time receivable upon the exercise of this Warrant. If the per-share consideration payable to Holder for shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's board of directors. In all events, appropriate adjustment, as determined in good faith by the Company's board of directors, shall be made in the application of the provisions of this Warrant with respect to the rights and interests of Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

2.2 Reclassification, etc. If the Company, at any time while this Warrant, or any portion hereof, remains outstanding and unexpired by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 2.

2.3 Split, Subdivision or Combination of Shares. If the Company at any time while this Warrant, or any portion hereof, remains outstanding and unexpired shall split, subdivide or combine the securities as to which purchase rights under this Warrant exist, into a different number of securities of the same class, the Exercise Price for such securities shall be proportionately decreased in the case of a split or subdivision or proportionately increased in the case of a combination.

2.4 Adjustments for Dividends in Stock or Other Securities or Property. If while this Warrant, or any portion hereof, remains outstanding and unexpired, the holders of the securities as to which purchase rights under this Warrant exist at the time shall have received, or, on or after the record date fixed for the determination of eligible stockholders, shall have become entitled to receive, without payment therefor, other or additional stock or other securities or property, other than cash, of the Company by way of dividend, then and in each case, this Warrant shall represent the right to acquire, in addition to the number of shares of the security receivable upon exercise of this Warrant, and without payment of any additional consideration therefor, the amount of such other or additional stock or other securities or property, other than cash, of the Company that Holder would hold on the date of such exercise had it been the holder of record of the security receivable upon exercise of this Warrant on the date hereof and had thereafter, during the period from the date hereof to and including the date of such event, retained such shares and/or all other additional stock available by it as aforesaid during such period, giving effect to all adjustments called for during such period by the provisions of this Section 2.

2.5 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 2, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request, at any time, of Holder, furnish or cause to be furnished to Holder a like certificate setting forth: (a) such adjustments and readjustments; (b) the Exercise Price at the time in effect; and (c) the number of shares and the amount, if any, of other property that at the time would be received upon the exercise of this Warrant.

3. Representations and Warranties of Holder.

3.1 The execution and delivery of this Warrant, and the consummation of the transactions and obligations contemplated hereby have been duly and validly authorized by all necessary action on Holder's part. This Warrant has been duly and validly executed and delivered by Holder and is the valid and binding obligation of Holder, enforceable against Holder in accordance with its terms except to the extent the enforceability hereof is limited by applicable bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally and by equitable principles (regardless of whether enforcement is sought in equity or at law).

3.2 Holder hereby warrants and represents that Holder is (a) acquiring this Warrant, and any Warrant Shares issued upon exercise of this Warrant, for Holder's own account, not as a nominee or agent, and not with a view to their resale or distribution, and that Holder has no present intention of selling, granting any participation in, or otherwise distributing the same and (b) Holder is an "accredited investor" as such term is defined under Rule 501 promulgated under the Securities Act of 1933, as amended (the "1933 Act").

3.3 Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

3.4 Holder acknowledges that this Warrant has not been registered under the 1933 Act, on the ground that the issuance of this Warrant is exempt from registration pursuant to Section 4(a)(2) of the 1933 Act, and that the Company's reliance on such exemption is predicated on the representations of Holder set forth herein.

3.5 In connection with the investment representations made herein, Holder represents that it is able to fend for itself in the transactions contemplated by this Warrant, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of his investment, has the ability to bear the economic risks of its investment and has been furnished with and has had access to such information as it has requested and deemed appropriate to its investment decision.

3.6 Holder hereby confirms that Holder has been informed that this Warrant, and the Warrant Shares issued upon exercise of this Warrant, are restricted securities under the 1933 Act and may not be resold or transferred unless this Warrant, or the Warrant Shares issued upon exercise of this Warrant, as the case may be, are first registered under the federal securities laws or unless an exemption from such registration is available. Holder acknowledges that the Company has no obligation to register the Warrant Shares. Holder hereby acknowledges that Holder is prepared to hold this Warrant, and the Warrant Shares issued upon exercise of this Warrant, for an indefinite period and that Holder is aware that Rule 144 of the Securities and Exchange Commission issued under the 1933 Act is not presently available to exempt the issuance of this Warrant from the registration requirements of the 1933 Act. Notwithstanding the foregoing, the Company will work with Holder in good faith to take commercially reasonable efforts to remove any restrictive legends on the Warrant Shares, including by providing the transfer agent with an appropriate opinion of counsel, as soon as counsel to the Company determines that there is no legal requirement to maintain such restrictive legends.

3.7 Holder hereby agrees that Holder shall make no disposition of this Warrant or the Warrant Shares issued upon exercise of this Warrant unless and until Holder shall have furnished the Company with a statement of the circumstances surrounding the proposed disposition and provided the Company with assurances and, upon request of the Company, with an opinion of counsel, at the expense of Holder or its transferee, reasonably satisfactory to the Company, that (a) the proposed disposition does not require registration of the Warrant Shares under the 1933 Act, or (b) all appropriate action necessary for compliance with the registration requirements of the 1933 Act or of any exemption from registration available under the 1933 Act has been taken.

3.8 Holder agrees to be bound by and comply with the limitations on transfer contained in the Bylaws of the Company (the “Bylaws”), including, but not limited to, Article X (Restriction on Transfer) of the Bylaws.

3.9 In order to reflect the restrictions on disposition of the Warrant Shares, the stock certificates or book-entry entitlements for the Warrant Shares will be endorsed with restrictive legends set forth below or similar legends, together with any other legends that may be required by state or federal securities laws, the Company’s Certificate of Incorporation (“Charter”) or Bylaws, any other agreement affecting the Warrant Shares between Holder and the Company, or any other agreement applicable to Holder:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT OR SUCH LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A 180 DAY MARKET STAND-OFF RESTRICTION AS SET FORTH IN A CERTAIN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED PRIOR TO 180 DAYS AFTER THE EFFECTIVE DATE OF THE PUBLIC OFFERING OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE HOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THE BYLAWS OF THE COMPANY.”

3.10 Holder hereby represents and warrants that it is an organization qualified under section 170(c)(2) of the Internal Revenue Code of 1986, as amended.

4. Representations, Warranties and Covenants of the Company. This Warrant is issued and delivered by the Company and accepted by Holder on the basis of the following representations, warranties and covenants made by the Company:

4.1 The Company covenants that it will at all times from and after the date hereof reserve and keep available, free and clear of all preemptive or similar rights, such number of its authorized shares of Common Stock as will be sufficient to permit, respectively, the exercise of this Warrant in full. The Company covenants further that such shares as may be issued pursuant to such exercise will, upon issuance, be duly and validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issuance thereof.

4.2 The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

4.3 The issuance, execution and delivery of this Warrant do not, and the issuance of the shares of Common Stock upon the exercise of this Warrant in accordance with the terms hereof will not, (a) violate or contravene the Company's Charter or Bylaws, (b) violate or contravene any law, statute, regulation, rule, judgment or order applicable to the Company, (c) violate, contravene or result in a breach or default under any contract, agreement or instrument to which the Company is a party or by which the Company or any of its assets are bound or (d) require the consent or approval of or the filing of any notice or registration with any person or entity, except for any filing required under applicable securities laws, in each case, with respect to clauses (b), (c) and (d), as would have a material adverse effect on the Company's ability to perform its obligations under this Warrant.

4.4 The Company acknowledges that (a) this Warrant is being granted to Holder as a charitable gift and that the net proceeds realized by Holder from the disposition of the Warrant Shares (the "Proceeds") will be granted to one or more charitable organizations or charitable purposes, and (b) the Company has been provided with documentation whereby it can recommend specific foundations or charities to which Holder will allocate the Proceeds (such foundations and/or charities, the "Company Designees"). If at the time the Proceeds are realized the Company has not identified any Company Designees by completing such documentation, if any of the Company Designees no longer exist or decline to receive the Proceeds, or if Company determines, in its good faith assessment, that grants to such Company Designees are not consistent with Company's charitable purposes, Holder shall promptly provide written notice to the Company informing the Company of the same. The Company may identify replacement Company Designees by notifying Holder in writing of its choice of replacement Company Designees no later than ten (10) business days following receipt of such notice, whereupon Holder will review and, subject to the above, allocate the Proceeds to such replacement Company Designees. If the Company has not nominated replacement Company Designees at the end of such ten (10) business days, Holder may reallocate the Proceeds or transfer all unallocated Proceeds to the Tides Foundation.

5. Fractional Shares. No fractional shares shall be issued in connection with any exercise of this Warrant. In lieu of the issuance of such fractional shares, the Company shall make a cash payment equal to the then fair market value of such fractional share as determined in good faith by the Company's board of directors.

6. No Privilege of Stock Ownership. Prior to the exercise of this Warrant, Holder shall not be entitled, by virtue of holding this Warrant, to any rights of a stockholder of the Company, including, without limitation, the right to vote, receive dividends or other distributions, or exercise preemptive rights, and such holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company. Nothing in this Section 6 shall limit the right of Holder to be provided the notices required herein or to participate in distributions described in Section 2 of this Warrant if Holder ultimately exercises this Warrant.

7. "Market Stand-Off" Agreement. Holder hereby agrees that it shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration or purchased in the registration or aftermarket) for the 180-day period following the effective date of the Initial Offering. Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter that are consistent with the Holder's obligations under this Section 7 or that are

necessary to give further effect thereto. The obligations described in this Section 7 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to such securities until the end of such period. The underwriters of the Company's stock are intended third party beneficiaries of this Section 7 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

8. Transfers or Exchanges. This Warrant shall not be transferable.

9. Successors and Assigns. The terms and provisions of this Warrant shall be binding upon the Company, Holder, and their respective successors and assigns, subject at all times to the restrictions set forth in this Warrant.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon (i) receipt of notice by the Company of the loss, theft, destruction, or mutilation of this Warrant (including, if mutilated, surrender and cancellation of this Warrant), (ii) reimbursement to the Company of all reasonable expenses incidental thereto and (iii) if requested by the Company, the execution of an affidavit of the fact of such loss, theft, destruction or mutilation, the Company will make and deliver a new warrant, in identical form, and dated as of such cancellation, in lieu of this Warrant; provided that the Company may in its discretion and as a condition precedent to the issuance thereof, require Holder to execute an indemnification agreement as indemnity against any claim that may be made against the Company or any of its respective representatives or agents with respect to such lost documents.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action, or the expiration of any right required or granted herein shall be a Saturday, or Sunday, or shall be a legal holiday, then such action may be taken or such right may be exercised, except as to the purchase price, on the next succeeding day not a legal holiday.

12. Amendments and Waivers. Any term of this Warrant may be amended, and the observance of any term of this Warrant may be waived (either generally or in a particular instance, and either retroactively or prospectively), with the written consent of the Company and Holder.

13. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of law provisions thereof.

14. Notices. Any notice, demand or delivery pursuant to the provisions of this Warrant shall be in writing, shall be addressed as set forth below and shall be sufficiently delivered or made on the second business day if delivered by Federal Express or any other reliable overnight courier.

If to the Company:

Legal Department
Upwork Inc.
441 Logue Avenue
Mountain View, CA 94043

If to the Holder:

General Counsel
Tides Foundation
1012 Torney Avenue
San Francisco, CA 94129

Either the Company or Holder may change its address for notice purpose by providing written notice to the other party in accordance with this Section 14.

15. Severability. If one or more provisions of this Warrant are held to be unenforceable under applicable law, then such provision(s) shall be excluded from this Warrant to the extent they are unenforceable and the remainder of this Warrant shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

16. Entire Agreement. This Warrant constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, warrants, agreements, understandings duties or obligations between the parties with respect to the subject matter hereof.

[remainder of page intentionally left blank]

The Company has executed this Warrant as of May 1, 2018

UPWORK INC.

By: /s/ Brian Levey

Print Name: Brian Levey

Title: Secretary

AGREED AND ACKNOWLEDGED:

TIDES FOUNDATION

By: /s/ Judith Hill

Print Name: Judith Hill

Title: Chief Financial Officer

EXHIBIT A

Subscription

Attention: _____

Ladies and Gentlemen:

The undersigned hereby elects to purchase, pursuant to the provisions of the Warrant dated _____, 20____, _____ shares of Common Stock of Upwork Inc., a Delaware corporation.

In exercising the Warrant, the undersigned Holder hereby confirms and acknowledges that the representations and warranties set forth in the Warrant as they apply to the undersigned Holder are true and complete as of this date.

Dated: _____, 20____

By: _____

Print Name: _____

Title: _____

EXHIBIT B

Net Issue Election

Attention: _____

Ladies and Gentlemen:

The undersigned hereby elects under Section 1.4 of the Warrant dated _____, 20____, (the "Warrant"), to exercise its right to receive _____ shares of Common Stock pursuant to the Warrant. The certificate(s) for such shares issuable upon such net issue election shall be issued in the name of the undersigned or as otherwise indicated below:

Name for Registration: _____
Mailing Address: _____

In exercising the Warrant, the undersigned Holder hereby confirms and acknowledges that the representations and warranties set forth in the Warrant as they apply to the undersigned Holder are true and complete as of this date.

By: _____
Print Name: _____
Title: _____

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of [____], 2018 is made by and between Upwork Inc., a Delaware corporation (the “*Company*”), and [____], a director, officer or key employee of the Company or one of the Company’s subsidiaries or other service provider who satisfies the definition of Indemnifiable Person set forth below (the “*Indemnitee*”).

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as representatives of corporations unless they are protected by comprehensive liability insurance and indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no relationship to the compensation of such representatives;

B. The members of the Board of Directors of the Company (the “*Board*”) have concluded that to retain and attract talented and experienced individuals to serve as representatives of the Company and its Subsidiaries and Affiliates and to encourage such individuals to take the business risks necessary for the success of the Company and its Subsidiaries and Affiliates, it is necessary for the Company to contractually indemnify certain of its representatives and the representatives of its Subsidiaries and Affiliates, and to assume for itself maximum liability for Expenses and Other Liabilities in connection with claims against such representatives in connection with their service to the Company and its Subsidiaries and Affiliates;

C. Section 145 of the Delaware General Corporation Law (“*Section 145*”), empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations, partnerships, joint ventures, trusts or other enterprises, and expressly provides that the indemnification provided thereby is not exclusive; and

D. The Company desires and has requested Indemnitee to serve or continue to serve as a representative of the Company and/or the Subsidiaries or Affiliates of the Company free from undue concern about inappropriate claims for damages arising out of or related to such services to the Company and/or the Subsidiaries or Affiliates of the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Affiliate. For purposes of this Agreement, “*Affiliate*” of the Company means any corporation, partnership, limited liability company, joint venture, trust or other enterprise in respect of which Indemnitee is or was or will be serving as a director, officer,

trustee, manager, member, partner, employee, agent, attorney, consultant, member of the entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise), fiduciary, or in any other similar capacity at the request, election or direction of the Company, and including, but not limited to, any employee benefit plan of the Company or a Subsidiary or Affiliate of the Company.

(b) **Change in Control.** For purposes of this Agreement, "**Change in Control**" means any event or circumstance where (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a Subsidiary or a trustee or other fiduciary holding securities under an employee benefit plan of the Company or Subsidiary, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding capital stock, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the outstanding capital stock of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into capital stock of the surviving entity) at least 50% of the total voting power represented by the capital stock of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) **Expenses.** For purposes of this Agreement, "**Expenses**" means all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, and other out-of-pocket costs), paid or incurred by Indemnitee in connection with either the investigation, defense or appeal of, or being a witness or otherwise involved in, a Proceeding, or establishing or enforcing a right to indemnification under this Agreement, Section 145 or otherwise; provided, however, that Expenses shall not include any judgments, fines, taxes (including ERISA or other benefit plan related excise taxes or penalties) or amounts paid in settlement of a Proceeding.

(d) **Indemnifiable Event.** For purposes of this Agreement, "**Indemnifiable Event**" means any event or occurrence related to Indemnitee's service for the Company or any Subsidiary or Affiliate as an Indemnifiable Person (as defined below), or by reason of anything done or not done, or any act or omission, by Indemnitee in any such capacity.

(e) **Indemnifiable Person.** For the purposes of this Agreement, "**Indemnifiable Person**" means any person who is or was a director, officer, trustee, manager, member, partner, employee, attorney, consultant, member of an entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise) or other agent or fiduciary of the Company or a Subsidiary or Affiliate of the Company.

(f) Independent Counsel. For purposes of this Agreement, “**Independent Counsel**” means legal counsel that has not performed services for the Company or Indemnitee in the five years preceding the time in question and that would not, under applicable standards of professional conduct, have a conflict of interest in representing either the Company or Indemnitee.

(g) Independent Director. For purposes of this Agreement, “**Independent Director**” means a member of the Board who is not a party to the Proceeding for which a claim is made under this Agreement.

(h) Other Liabilities. For purposes of this Agreement, “**Other Liabilities**” means any and all liabilities of any type whatsoever (including, but not limited to, judgments, fines, penalties, taxes (including ERISA or other benefit plan related excise taxes or penalties), and amounts paid in settlement and all interest, taxes, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, ERISA (or other benefit plan related) excise taxes or penalties, or amounts paid in settlement).

(i) Proceeding. For the purposes of this Agreement, “**Proceeding**” means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, investigative, legislative or any other type whatsoever, preliminary, informal or formal, including any arbitration or other alternative dispute resolution and including any appeal of any of the foregoing.

(j) Subsidiary. For purposes of this Agreement, “**Subsidiary**” means any entity of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as an Indemnifiable Person in the capacity or capacities in which Indemnitee currently serves the Company as an Indemnifiable Person, and any additional capacity in which Indemnitee may agree to serve, until such time as Indemnitee’s service in a particular capacity shall end according to the terms of an agreement, the Company’s Certificate of Incorporation or Bylaws, governing law, or otherwise. Nothing contained in this Agreement is intended to create any right to continued employment or other form of service for the Company or a Subsidiary or Affiliate of the Company by Indemnitee.

3. Mandatory Indemnification.

(a) Agreement to Indemnify. In the event Indemnitee is a person who was or is a party to or witness in or is threatened to be made a party to or witness in any Proceeding by reason of an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses and Other Liabilities incurred by Indemnitee in connection with (including in preparation for) such Proceeding to the fullest extent not prohibited by the provisions of the Company’s Bylaws and the Delaware General Corporation Law (“**DGCL**”), as the same may be amended from time to time (but only to the extent that such amendment permits the Company to provide broader indemnification rights than the Bylaws or the DGCL permitted prior to the adoption of such amendment).

(b) Exception for Amounts Covered by Insurance and Other Sources. Notwithstanding the foregoing, the Company shall not be obligated to indemnify Indemnitee for Expenses or Other Liabilities of any type whatsoever (including, but not limited to judgments, fines, penalties, ERISA excise taxes or penalties and amounts paid in settlement) to the extent such have been paid directly to Indemnitee (or paid directly to a third party on Indemnitee's behalf) by any directors and officers, or other type, of insurance maintained by the Company [or pursuant to other indemnity arrangements with third parties]¹.

(c) [Company Obligations Primary. The Company hereby acknowledges that Indemnitee may have rights to indemnification for Expenses and Other Liabilities provided by [name of VC or other sponsoring organization ("**Other Indemnitor**")]. The Company agrees with Indemnitee that the Company is the indemnitor of first resort of Indemnitee with respect to matters for which indemnification is provided under this Agreement and that the Company will be obligated to make all payments due to or for the benefit of Indemnitee under this Agreement without regard to any rights that Indemnitee may have against the Other Indemnitor. The Company hereby waives any equitable rights to contribution or indemnification from the Other Indemnitor in respect of any amounts paid to Indemnitee hereunder. The Company further agrees that no reimbursement of Other Liabilities or payment of Expenses by the Other Indemnitor to or for the benefit of Indemnitee shall affect the obligations of the Company hereunder, and that the Company shall be obligated to repay the Other Indemnitor for all amounts so paid or reimbursed to the extent that the Company has an obligation to indemnify Indemnitee for such Expenses or Other Liabilities hereunder.]²

4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Other Liabilities but not entitled, however, to indemnification for the total amount of such Expenses or Other Liabilities, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which indemnification is prohibited by the provisions of the Company's Bylaws or the DGCL. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden to establish, by clear and convincing evidence, the lack of a successful resolution of a particular claim, issue or matter and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved.

5. Liability Insurance. So long as Indemnitee shall continue to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding as a result of an Indemnifiable Event, the Company shall use reasonable efforts to maintain in full force and effect for the benefit of Indemnitee as an insured (i) liability insurance issued by one or more reputable insurers and having the policy amount and deductible deemed appropriate by the Board and providing in all respects coverage at least comparable to and in the same amount as that provided to the Chairman of the Board or the Chief Executive Officer of the Company and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that being

¹ Remove bracketed language for directors affiliated with a venture capital fund.

² Only to be inserted for directors affiliated with a venture capital fund.

provided to the Chairman of the Board or the Chief Executive Officer of the Company. The purchase, establishment and maintenance of any such insurance or other arrangements shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such insurance or other arrangement. In the event of a Change in Control subsequent to the date of this Agreement, or the Company's becoming insolvent, including being placed into receivership or entering the federal bankruptcy process, the Company shall maintain in full force any and all insurance policies then maintained by the Company in providing insurance – directors' and officers' liability, fiduciary, employment practices or otherwise – in respect of the individual directors and officers of the Company, for a fixed period of six years thereafter. Such coverage shall be non-cancelable and shall be placed and serviced by the Company's incumbent insurance broker or a broker selected by a majority of the Independent Directors.

6. Mandatory Advancement of Expenses. If requested by Indemnitee, the Company shall advance prior to the final disposition of the Proceeding all Expenses reasonably incurred by Indemnitee in connection with (including in preparation for) a Proceeding related to an Indemnifiable Event within (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. The right to advances under this section shall in all events continue until final disposition of any Proceeding, including any appeal therein. Indemnitee hereby undertakes to repay such amounts advanced if, and only if and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Company's Bylaws or the DGCL, and no additional form of undertaking with respect to such obligation to repay shall be required. Indemnitee's undertaking to repay any Expenses advanced to Indemnitee hereunder shall be unsecured and shall not be subject to the accrual or payment of any interest thereon. In the event that Indemnitee's request for the advancement of expenses shall be accompanied by an affidavit of counsel to Indemnitee to the effect that such counsel has reviewed such Expenses and that such Expenses are reasonable in such counsel's view, then such expenses shall be deemed reasonable in the absence of clear and convincing evidence to the contrary.

7. Notice and Other Indemnification Procedures.

(a) Notification. Promptly after receipt by Indemnitee of notice of the commencement of or the threat of commencement of any Proceeding, unless the Company is a named co-defendant with Indemnitee, Indemnitee shall, if Indemnitee believes that indemnification or advancement of Expenses with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof. However, a failure so to notify the Company promptly following Indemnitee's receipt of such notice shall not relieve the Company from any liability that it may have to Indemnitee except to the extent that the Company is materially prejudiced in its defense of such Proceeding as a result of such failure, provided, however, that the Company shall have the burden to prove the existence of such material prejudice by clear and convincing evidence.

(b) Insurance and Other Matters. If, at the time of the receipt of a notice of the commencement of a Proceeding pursuant to Section 7(a) above, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the issuers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such insurance policies. In addition, the Company will instruct the insurers and the Company's insurance broker that they may communicate directly with Indemnitee regarding such claim.

(c) Assumption of Defense. In the event the Company shall be obligated to advance the Expenses for any Proceeding against Indemnitee, the Company, if deemed appropriate by the Company, shall be entitled to assume the defense of such Proceeding as provided herein. Such defense by the Company may include the representation of two or more parties by one attorney or law firm as permitted under the ethical rules and legal requirements related to joint representations. Following delivery of written notice to Indemnitee of the Company's election to assume the defense of such Proceeding, the approval by Indemnitee (which approval shall not be unreasonably withheld) of counsel designated by the Company and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. If (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have notified the Board in writing that Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, (C) the Company fails to employ counsel to assume the defense of such Proceeding, or (D) after a Change in Control, the employment of counsel by Indemnitee has been approved by the Independent Counsel, the Expenses related to work conducted by Indemnitee's counsel shall be subject to indemnification and/or advancement pursuant to the terms of this Agreement. Nothing herein shall prevent Indemnitee from employing counsel for any such Proceeding at Indemnitee's expense. Indemnitee agrees that any such separate counsel retained by Indemnitee will be a member of any approved list of panel counsel under the Company's applicable directors' and officers' insurance policy, should the applicable policy provide for a panel of approved counsel.

(d) Settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent; provided, however, that if a Change in Control has occurred subsequent to the date of this Agreement, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. Neither the Company nor any Subsidiary or Affiliate shall enter into a settlement of any Proceeding that might result in the imposition of any Expense, Other Liability, penalty, limitation or detriment on Indemnitee, whether indemnifiable under this Agreement or otherwise, without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent from any settlement of any Proceeding. The Company shall promptly notify Indemnitee upon the Company's receipt of an offer to settle, or if the Company makes an offer to settle, any Proceeding, and provide Indemnitee with a reasonable amount of time to consider such settlement, in the case of any such settlement for which the consent of Indemnitee would be required hereunder. The Company shall not, on its own behalf, settle any

part of any Proceeding to which Indemnitee is a party with respect to other parties (including the Company) without the written consent of Indemnitee if any portion of the settlement is to be funded from insurance proceeds unless approved by a majority of the Independent Directors, provided that this sentence shall cease to be of any force and effect if it has been determined in accordance with this Agreement that Indemnitee is not entitled to indemnification hereunder with respect to such Proceeding or if the Company's obligations hereunder to Indemnitee with respect to such Proceeding have been fully discharged.

8. Determination of Right to Indemnification.

(a) Success on the Merits or Otherwise. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding referred to in Section 3(a) above or in the defense of any claim, issue or matter described therein, the Company shall indemnify Indemnitee against Expenses actually and reasonably incurred in connection therewith.

(b) Indemnification in Other Situations. In the event that Section 8(a) is inapplicable, the Company shall also indemnify Indemnitee if Indemnitee has not failed to meet the applicable standard of conduct for indemnification.

(c) Forum. Indemnitee shall be entitled to select the forum in which determination of whether or not Indemnitee has met the applicable standard of conduct shall be decided, and such election will be made from among the following:

a. Those members of the Board who are Independent Directors even though less than a quorum;

b. A committee of Independent Directors designated by a majority vote of Independent Directors, even though less than a quorum;
or

c. Independent Counsel selected by Indemnitee and approved by the Board, which approval may not be unreasonably withheld, which counsel shall make such determination in a written opinion.

If Indemnitee is an officer or a director of the Company at the time that Indemnitee is selecting the forum, then Indemnitee shall not select Independent Counsel as such forum unless there are no Independent Directors or unless the Independent Directors agree to the selection of Independent Counsel as the forum.

The selected forum shall be referred to herein as the "Reviewing Party". Notwithstanding the foregoing, following any Change in Control subsequent to the date of this Agreement, the Reviewing Party shall be Independent Counsel selected in the manner provided in c. above.

(d) As soon as practicable, and in no event later than thirty (30) days after receipt by the Company of written notice of Indemnitee's choice of forum pursuant to Section 8(c) above, the Company and Indemnitee shall each submit to the Reviewing Party such information as they believe is appropriate for the Reviewing Party to consider. The Reviewing

Party shall arrive at its decision within a reasonable period of time following the receipt of all such information from the Company and Indemnitee, but in no event later than thirty (30) days following the receipt of all such information, provided that the time by which the Reviewing Party must reach a decision may be extended by mutual agreement of the Company and Indemnitee. All Expenses associated with the process set forth in this Section 8(d), including but not limited to the Expenses of the Reviewing Party, shall be paid by the Company.

(e) Delaware Court of Chancery. Notwithstanding a final determination by any Reviewing Party that Indemnitee is not entitled to indemnification with respect to a specific Proceeding, Indemnitee shall have the right to apply to the Court of Chancery, for the purpose of enforcing Indemnitee's right to indemnification pursuant to this Agreement.

(f) Expenses. The Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any hearing or Proceeding under this Section 8 involving Indemnitee and against all Expenses and Other Liabilities incurred by Indemnitee in connection with any other Proceeding between the Company and Indemnitee involving the interpretation or enforcement of the rights of Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims of Indemnitee in any such Proceeding was frivolous or made in bad faith.

(g) Determination of "Good Faith". For purposes of any determination of whether Indemnitee acted in "good faith", Indemnitee shall be deemed to have acted in good faith if in taking or failing to take the action in question Indemnitee relied on the records or books of account of the Company or a Subsidiary or Affiliate, including financial statements, or on information, opinions, reports or statements provided to Indemnitee by the officers or other employees of the Company or a Subsidiary or Affiliate in the course of their duties, or on the advice of legal counsel for the Company or a Subsidiary or Affiliate, or on information or records given or reports made to the Company or a Subsidiary or Affiliate by an independent certified public accountant or by an appraiser or other expert selected by the Company or a Subsidiary or Affiliate, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or a Subsidiary or Affiliate. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, or to advancement of expenses, the Reviewing Party or court shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be on the Company to establish, by clear and convincing evidence, that Indemnitee is not so entitled. The provisions of this Section 8(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failures to act, of any other person shall not be imputed to Indemnitee for purposes of determining the right to indemnification hereunder.

9. Exceptions. Any other provision herein to the contrary notwithstanding,

(a) Claims Initiated by Indemnitee. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee with

respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except (1) with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement, any other statute or law, as permitted under Section 145, or otherwise, (2) where the Board has consented to the initiation of such Proceeding, or (3) with respect to Proceedings brought to discharge Indemnitee's fiduciary responsibilities, whether under ERISA or otherwise, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board finds it to be appropriate; or

(b) Actions Based on Federal Statutes Regarding Profit Recovery and Return of Bonus Payments. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of (i) any suit in which judgment is rendered against Indemnitee by a court of competent jurisdiction in a final adjudication not subject to further appeal for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(c) Unlawful Indemnification. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee for Other Liabilities if such indemnification is prohibited by law as determined by a court of competent jurisdiction in a final adjudication not subject to further appeal.

10. Non-exclusivity. The provisions for indemnification and advancement of Expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to acts or omissions in his or her official capacity and to acts or omissions in another capacity while serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and Indemnitee's rights hereunder shall continue after Indemnitee has ceased serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

11. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

12. Supersession, Modification and Waiver. This Agreement supersedes any prior indemnification agreement between the Indemnitee and the Company, its Subsidiaries or its Affiliates. If the Company and Indemnitee have previously entered into an indemnification agreement providing for the indemnification of Indemnitee by the Company, parties entry into this Agreement shall be deemed to amend and restate such prior agreement to read in its entirety as, and be superseded by, this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) and except as expressly provided herein, no such waiver shall constitute a continuing waiver.

13. Successors and Assigns. The terms of this Agreement shall bind, and shall inure to the benefit of, and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. In addition, the Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement and indemnify Indemnitee to the fullest extent permitted by law.

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and a receipt is provided by the party to whom such communication is delivered, (ii) if mailed by certified or registered mail with postage prepaid, return receipt requested, on the signing by the recipient of an acknowledgement of receipt form accompanying delivery through the U.S. mail, (iii) personal service by a process server, or (iv) delivery to the recipient's address by overnight delivery (e.g., FedEx, UPS or DHL) or other commercial delivery service. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice complying with the provisions of this Section 14. Delivery of communications to the Company with respect to this Agreement shall be sent to the attention of the Company's Chief Business Affairs and Legal Officer.

15. No Presumptions. For purposes of this Agreement, the termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise. In addition, neither the failure of the Company or a Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Company or a Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of Proceedings by Indemnitee to secure a judicial determination by exercising Indemnitee's rights under Section 8(e) of this Agreement shall be a defense to Indemnitee's

claim or create a presumption that Indemnitee has failed to meet any particular standard of conduct or did not have any particular belief or is not entitled to indemnification under applicable law or otherwise. Additionally, any admission of liability by the Company in connection with any settlement by the Company with a regulatory agency shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise.

16. Survival of Rights. The rights conferred on Indemnitee by this Agreement shall continue after Indemnitee has ceased to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and shall inure to the benefit of Indemnitee's heirs, executors and administrators.

17. Subrogation and Contribution. (a) [Except as otherwise expressly provided in this Agreement,]³ in the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by or on behalf of Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

18. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute Proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

³ Only to be inserted for directors affiliated with a venture capital fund.

20. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

21. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely with Delaware.

22. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement.

[Signature Page Follows]

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

UPWORK INC.:

By: _____

Its: _____

INDEMNITEE:

Address: _____

SIGNATURE PAGE TO INDEMNIFICATION AGREEMENT

ODESK CORPORATION

2004 STOCK PLAN

Adopted on April 9, 2004 and approved by the stockholders on April 10, 2004

Amended on November 4, 2004 and approved by the stockholders on November 9, 2004

Amended on August 23, 2006 and approved by the stockholders on August 23, 2006

Amended on September 21, 2011 and approved by the stockholders on September 21, 2011

Amended on December 14, 2011 and approved by the stockholders on December 14, 2011

Amended on March 20, 2012 and approved by the stockholders on March 27, 2012

Amended on September 13, 2012 and approved by the stockholders on September 13, 2012

Amended on July 25, 2013

ODESK CORPORATION 2004 STOCK PLAN

SECTION 1. ESTABLISHMENT AND PURPOSE.

The purpose of the Plan is to offer selected persons an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by purchasing Shares of the Company's Stock. The Plan provides both for the direct award or sale of Shares, for the grant of Options to purchase Shares, and for the issuance of RSUs and SARs. Options granted under the Plan may include Nonstatutory Options as well as ISOs intended to qualify under Section 422 of the Code.

Capitalized terms are defined in Section 12.

SECTION 2. ADMINISTRATION.

(a) Committees of the Board of Directors. The Plan may be administered by one or more Committees. Each Committee shall consist of two or more members of the Board of Directors who have been appointed by the Board of Directors. Each Committee shall have such authority and be responsible for such functions as the Board of Directors has assigned to it. If no Committee has been appointed, the entire Board of Directors shall administer the Plan. Any reference to the Board of Directors in the Plan shall be construed as a reference to the Committee (if any) to whom the Board of Directors has assigned a particular function.

(b) Authority of the Board of Directors. Subject to the provisions of the Plan, the Board of Directors shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. All decisions, interpretations and other actions of the Board of Directors shall be final and binding on all Purchasers, all Participants and all persons deriving their rights from a Purchaser or Participant.

SECTION 3. ELIGIBILITY.

(a) General Rule. Only Employees, Outside Directors and Consultants shall be eligible for the grant of Nonstatutory Options, RSUs, SARs, or the direct award or sale of Shares. Only Employees shall be eligible for the grant of ISOs.

(b) Ten-Percent Stockholders. A person who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries shall not be eligible to receive an ISO unless (i) the Exercise Price is at least 110% of the Fair Market Value of a Share on the date of grant and (ii) in the case of an ISO, such ISO by its terms is not exercisable after the expiration of five years from the date of grant. For purposes of this Subsection (b), in determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

SECTION 4. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Not more than 21,216,220 Shares may be issued under the Plan (subject to Subsection (b) below and Section 10). The number of Shares that are subject to Options or other rights outstanding at any time under the Plan shall not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. At all times, the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all Awards granted and outstanding under this Plan. In no event shall the total number of Shares issued (counting each reissuance of a Share that was previously issued and then forfeited or repurchased by the Company as a separate issuance) under the Plan upon exercise of ISOs exceed Two Hundred Million (200,000,000) Shares (adjusted in proportion to any adjustments under Section 10 hereof) over the term of the Plan (the “ISO Limit”). Subject to Section 10 hereof, in the event that the number of Shares reserved for issuance under the Plan is increased, the ISO Limit shall be automatically increased by such number of Shares such that the ISO Limit equals (a) ten (10) multiplied by (b) the number of Shares reserved for issuance under the Plan.

(b) Additional Shares. In the event that Shares previously issued under the Plan are reacquired by the Company (including from any forfeiture provision, right of first refusal, repurchase right, or payment of an exercise price or any withholding obligations), such Shares shall be added to the number of Shares then available for issuance under the Plan. In the event that an outstanding Award or other right for any reason expires or is canceled, the Shares allocable to the unexercised portion of such Award or other right shall be added to the number of Shares then available for issuance under the Plan.

SECTION 5. TERMS AND CONDITIONS OF AWARDS OR SALES.

(a) Stock Purchase Agreement. Each award or sale of Shares under the Plan (other than upon exercise of an Option or the settlement of an RSU or SAR) shall be evidenced by a Stock Purchase Agreement between the Purchaser and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Board of Directors deems appropriate for inclusion in a Stock Purchase Agreement. The provisions of the various Stock Purchase Agreements entered into under the Plan need not be identical.

(b) Duration of Offers and Nontransferability of Rights. Any right to acquire Shares under a Stock Purchase Agreement shall automatically expire if not exercised by the Purchaser within 30 days after the grant of such right was communicated to the Purchaser by the Company. Such right shall not be transferable and shall be exercisable only by the Purchaser to whom such right was granted.

(c) Purchase Price. The Board of Directors shall determine the Purchase Price, at its sole discretion, on the date the Shares are awarded or the time the Shares are purchased. The Purchase Price shall be payable in a form described in Section 9.

(d) Withholding Taxes. As a condition to the purchase of Shares, the Purchaser shall make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such purchase.

(e) Restrictions on Transfer of Shares. Any Shares awarded or sold under the Plan shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board of Directors may determine. Such restrictions shall be set forth in the applicable Stock Purchase Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally.

(f) Dividends and Other Distributions. Holders of Shares will be entitled to receive all dividends and other distributions with respect to the Shares, unless the Board of Directors provides otherwise at the time of award. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares with respect to which they were paid.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Board of Directors deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 10. The Stock Option Agreement shall also specify whether the Option is an ISO or a Nonstatutory Option.

(c) Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of an ISO shall not be less than 100% of the Fair Market Value of a Share on the date of grant, unless expressly determined in writing by the Board of Directors on the Option's date of grant, *provided that*, a higher percentage may be required by Section 3(b). Subject to the preceding sentence, the Exercise Price under any Option shall be determined by the Board of Directors at its sole discretion. The Exercise Price shall be payable in a form described in Section 9.

(d) Exercisability. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. No Option shall be exercisable unless the Optionee has delivered an executed copy of the Stock Option Agreement to the Company. The Board of Directors shall determine the exercisability provisions of the Stock Option Agreement at its sole discretion. All of an Optionee's Options shall become exercisable in full if Section 10(b)(iv) applies.

(e) Basic Term. The Stock Option Agreement shall specify the term of the Option. The term shall not exceed 10 years from the date of grant, and a shorter term may be required by Section 3(b). Subject to the preceding sentence, the Board of Directors at its sole discretion shall determine when an Option is to expire.

(f) Termination of Service (Except by Death). If an Optionee's Service terminates for any reason other than the Optionee's death, then the Optionee's Options shall expire on the earliest of the following occasions:

- (i) The expiration date determined pursuant to Subsection (e) above;
- (ii) The date three months after the termination of the Optionee's Service for any reason other than Disability, or such later date as the Board of Directors may determine; or
- (iii) The date six months after the termination of the Optionee's Service by reason of Disability, or such later date as the Board of Directors may determine.

The Optionee may exercise all or part of the Optionee's Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination). The balance of such Options shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of the Optionee's Service but before the expiration of the Optionee's Options, all or part of such Options may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination).

(g) Death of Optionee. If an Optionee dies while the Optionee is in Service, then the Optionee's Options shall expire on the earlier of the following dates:

- (i) The expiration date determined pursuant to Subsection (e) above; or
- (ii) The date 12 months after the Optionee's death, or such later date as the Board of Directors may determine.

All or part of the Optionee's Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee's death (or became exercisable as a result of the death) and the underlying Shares had vested before the Optionee's death (or vested as a result of the Optionee's death). The balance of such Options shall lapse when the Optionee dies.

(h) Restrictions on Transfer of Shares. Any Shares issued upon exercise of an Option shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board of Directors may determine.

(i) Transferability of Options. An Option shall be transferable by the Optionee only by (i) a beneficiary designation, (ii) a will or (iii) the laws of descent and distribution, except as provided in the next sentence. If the applicable Stock Option Agreement so provides, a Nonstatutory Option shall also be transferable by gift or domestic relations order to a Family Member of the Optionee. An ISO may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative.

(j) Withholding Taxes. As a condition to the exercise of an Option, the Optionee shall make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise. The Optionee shall also make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option.

(k) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by the Optionee's Option until such person becomes entitled to receive such Shares by filing a notice of exercise and paying the Exercise Price and applicable tax obligations pursuant to the terms of such Option.

(l) Modification, Extension and Assumption of Options. Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair the Optionee's rights or increase the Optionee's obligations under such Option.

SECTION 7. TERMS AND CONDITIONS FOR RESTRICTED STOCK UNITS

(a) Awards of Restricted Stock Units. A RSU is an Award covering a number of Shares that may be settled in cash, or by issuance of those Shares at a date in the future. No Purchase Price shall apply to an RSU settled in Shares. All grants of RSUs will be evidenced by an Award Agreement that will be in such form (which need not be the same for each Participant) as the Board of Directors will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan.

(b) Form and Timing of Settlement. To the extent permissible under applicable law, the Board of Directors may permit a Participant to defer payment under a RSU to a date or dates after the RSU is earned, *provided* that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code (or any successor) and any regulations or rulings promulgated thereunder. Payment may be made in the form of cash or whole Shares or a combination thereof, all as the Board of Directors determines.

SECTION 8. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

(a) Awards of SARs. SARs may be settled in cash, Shares, or RSUs, or a combination of all three, having an aggregate value equal to the value determined by multiplying the difference between the Fair Market Value on the date of exercise over the Exercise Price and the number of Shares with respect to which the SAR is being settled. All grants of SARs made pursuant to this Plan will be evidenced by an Award Agreement that will be in such form (which need not be the same for each Participant) as the Board of Directors will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan.

(b) Exercise Period and Expiration Date. A SAR will be exercisable within the times or upon the occurrence of events determined by the Board of Directors and set forth in the Award Agreement governing such SAR. The Award Agreement shall set forth the Expiration Date; *provided* that no SAR will be exercisable after the expiration of ten years from the date the SAR is granted.

(c) Exercise Price. The Board of Directors will determine the Exercise Price of the SAR when the SAR is granted, and which may not be less than the Fair Market Value on the date of grant and may be settled in cash or in Shares.

(d) Termination. Subject to earlier termination pursuant to Sections 10 and 13 hereof and the Expiration Date specified in the applicable Award Agreement, and notwithstanding the exercise periods set forth in the Award Agreement, exercise of SARs will always be subject to same terms and conditions regarding exercisability following termination of Service as Options, as set forth in Sections 6(g) and 6(h) hereof.

SECTION 9. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in cash or cash equivalents at the time when such Shares are purchased, except as otherwise provided in this Section 9.

(b) Surrender of Stock. At the discretion of the Board of Directors, all or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Participant, and (i) for which the Company has received "full payment of the purchase price" within the meaning of Rule 144, promulgated under the Securities Act of 1933, as amended or (ii) that were obtained by the Participant in the public market. Such Shares shall be surrendered to the Company in good form for transfer, free and clear of all liens, claims, encumbrances or security interests and shall be valued at their Fair Market Value on the date of exercise or purchase.

(c) Services Rendered. At the discretion of the Board of Directors, Shares may be awarded under the Plan in consideration of services that have been, or are to be, rendered to the Company, a Parent or a Subsidiary.

(d) Promissory Note. At the discretion of the Board of Directors, all or a portion of the Exercise Price or Purchase Price (as the case may be) of Shares issued under the Plan to an Employee or Outside Director may be paid with a full-recourse promissory note. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing, the Board of Directors (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any) and other provisions of such note. This Subsection (d) shall not apply with respect to Shares issued under the Plan to a Consultant.

(e) Exercise/Sale. To the extent that an Award Agreement so provides, and if Stock is publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(f) Exercise/Pledge. To the extent that an Award Agreement so provides, and if Stock is publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

SECTION 10. ADJUSTMENT OF SHARES.

(a) General. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares or a combination or consolidation of the outstanding Stock into a lesser number of Shares, corresponding adjustments shall automatically be made in each of (i) the number of Shares available for future grants under Section 4 and the ISO Limit, (ii) the number of Shares covered by each outstanding Award (iii) the Exercise Price under each outstanding Option or SAR, and the (iv) the Purchase Price under each outstanding Share or Stock Purchase Agreement. In the event of a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the Stock, a recapitalization, a spin-off, a reclassification or a similar occurrence, the Board of Directors at its sole discretion may make appropriate adjustments in one or more of (i) the number of Shares available for future grants under Section 4 and the ISO Limit, (ii) the number of Shares covered by each outstanding Award, (iii) the Exercise Price under each outstanding Option or SAR, or (iv) the Purchase Price under each outstanding Share or Stock Purchase Agreement.

(b) Mergers and Consolidations. In the event that the Company is a party to a merger or consolidation, all outstanding Awards shall be subject to the agreement of merger or consolidation. Such agreement shall provide for one or more of the following:

(i) The continuation of such outstanding Options or Awards by the Company (if the Company is the surviving corporation).

(ii) The assumption of such outstanding Options or Awards by the surviving corporation or its parent, and with respect to Options, in a manner that complies with Section 424(a) of the Code (whether or not such Options are ISOs).

(iii) The substitution by the surviving corporation or its parent of new awards for such outstanding Options or Awards, and with respect to Options, in a manner that complies with Section 424(a) of the Code (whether or not such Options are ISOs).

(iv) Full exercisability of such outstanding Options or Awards and full vesting of the Shares subject to such Options or Awards, followed by the cancellation of such Options or Awards. The full exercisability of such Options or Awards and full vesting of the Shares subject to such Options or Awards may be contingent on the closing of such merger or consolidation. To the extent applicable, Participants shall be able to exercise such Options or Awards during a period of not less than five full business days preceding the closing date of such merger or consolidation, unless (A) a shorter period is required to permit a timely closing of such merger or consolidation and (B) such shorter period still offers the Participants a reasonable opportunity to exercise such Options or Awards. Any exercise of such Options or Awards during such period may be contingent on the closing of such merger or consolidation.

(v) The cancellation of such outstanding Option or Award and, with respect to Options, a payment to the Participants equal to the excess of (A) the Fair Market Value of the Shares subject to such Options or Awards (whether or not such Options and SARs are then exercisable or such Shares are then vested) as of the closing date of such merger or consolidation over (B) their Exercise Price. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal to the required amount. Such payment may be made in installments and may be deferred until the date or dates when such Options would have become exercisable or such Shares would have vested. Such payment may be subject to vesting based on the Participant's continuing Service, provided that the vesting schedule shall not be less favorable to the Participants than the schedule under which such Options would have become exercisable or such Shares would have vested. If the Exercise Price of the Shares subject to such Options exceeds the Fair Market Value of such Shares, then such Options may be cancelled without making a payment to the Participants. For purposes of this Paragraph (v), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security. Payment may also be made with respect to RSUs and SARs in the amounts determined by the Board of Directors.

(vi) For purposes of this Section 10(b), Options or Awards need not be treated identically.

(c) Reservation of Rights. Except as provided in this Section 10, a Participant or Purchaser shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend or (iii) any other increase or decrease in the number of shares of stock of any class. Any issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 11. SECURITIES LAW REQUIREMENTS.

(a) General. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded.

(b) Financial Reports. To the extent required by Rule 701 of the Securities Act of 1933 or any applicable state securities laws, the Company each year shall furnish to Participants, Purchasers and stockholders who have received Stock under the Plan its balance sheet and income statement, unless, to the extent permitted by applicable law, such Participants, Purchasers or stockholders are key Employees whose duties with the Company assure them access to equivalent information. Such balance sheet and income statement need not be audited.

SECTION 12. NO RETENTION RIGHTS.

Nothing in the Plan or in any right or Option granted under the Plan shall confer upon the Purchaser or Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Purchaser or Participant) or of the Purchaser or Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

SECTION 13. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan, as set forth herein, shall become effective on the date of its adoption by the Board of Directors, subject to the approval of the Company's stockholders. If the stockholders fail to approve the Plan within 12 months after its adoption by the Board of Directors, then any grants, exercises or sales that have already occurred under the Plan shall be rescinded and no additional grants, exercises or sales shall thereafter be made under the Plan. The Plan shall terminate automatically 10 years after the later of (i) its adoption by the Board of Directors or (ii) the most recent increase in the number of Shares reserved under Section 4 that was approved by the Company's stockholders. The Plan may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. The Board of Directors may amend, suspend or terminate the Plan at any time and for any reason; provided, however, that any amendment of the Plan shall be subject to the approval of the Company's stockholders if it (i) increases the number of Shares available for issuance under the Plan (except as provided in Section 10) or (ii) materially changes the class of persons who are eligible for the grant of ISOs. Stockholder approval shall not be required for any other amendment of the Plan. If the stockholders fail to approve an increase in the number of Shares reserved under Section 4 within 12 months after its adoption by the Board of Directors, then any grants, exercises or sales that have already occurred in reliance on such increase shall be rescinded and no additional grants, exercises or sales shall thereafter be made in reliance on such increase.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

SECTION 14. DEFINITIONS.

- (a) "Award" shall mean a Share, an Option, a RSU, or a SAR, as granted pursuant to the terms and conditions of this Plan.
- (b) "Award Agreement" shall mean any Stock Option Agreement, Stock Purchase Agreement, or other agreement evidencing SARs or RSUs.
- (c) "Board of Directors" shall mean the Board of Directors of the Company, as constituted from time to time.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended.
- (e) "Committee" shall mean a committee of the Board of Directors, as described in Section 2(a).
- (f) "Company" shall mean oDesk Corporation.
- (g) "Consultant" shall mean a person who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor, excluding Employees and Outside Directors.
- (h) "Disability" shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code..
- (i) "Employee" shall mean any individual who is a common-law employee of the Company, a Parent or a Subsidiary.
- (j) "Exercise Price" shall mean the amount for which one Share may be purchased upon exercise of an Option, as specified by the Board of Directors in the applicable Stock Option Agreement.
- (k) "Fair Market Value" shall mean the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(l) “Family Member” shall mean (i) any child, stepchild, grandchild, parent, stepparent, grandparent, 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, (ii) any person sharing the Participant’s household (other than a tenant or employee), (iii) a trust in which persons described in Clause (i) or (ii) have more than 50% of the beneficial interest, (iv) a foundation in which persons described in Clause (i) or (ii) or the Participant control the management of assets and (v) any other entity in which persons described in Clause (i) or (ii) or the Participant own more than 50% of the voting interests.

(m) “ISO” shall mean an employee incentive stock option described in Section 422(b) of the Code.

(n) “Nonstatutory Option” shall mean a stock option not described in Sections 422(b) or 423(b) of the Code.

(o) “Option” shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares

(p) “Optionee” shall mean a person who holds an Option.

(q) “Outside Director” shall mean a member of the Board of Directors who is not an Employee.

(r) “Parent” shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

(s) “Participant” shall mean any holder of an Award.

(t) “Plan” shall mean this oDesk Corporation 2004 Stock Plan.

(u) “Purchase Price” shall mean the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Board of Directors.

(v) “Purchaser” shall mean a person to whom the Board of Directors has offered the right to acquire Shares under the Plan (other than upon exercise of an Option).

(w) “RSU” shall mean a Restricted Stock Unit.

(x) “SAR” shall mean a Stock Appreciation Right.

(y) “Service” shall mean service as an Employee, Outside Director or Consultant. For purposes of this Plan, Service shall be deemed to continue while the Participant is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). In the case of an approved leave of absence, and only to the extent permitted by applicable law, the Board of Directors may make such provisions respecting crediting of Service, including suspension of vesting of Shares or Shares underlying Awards (including pursuant to a formal policy adopted from time to time by the Company), as it may deem appropriate, except that in no event may an Option or SAR be exercised after the expiration of the term set forth in the applicable Award Agreement.

(z) “Share” shall mean one share of Stock, as adjusted in accordance with Section 10 (if applicable).

(aa) "Stock" shall mean the Common Stock of the Company, with a par value of \$0.0001 per Share.

(bb) "Stock Option Agreement" shall mean the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to the Optionee's Option.

(cc) "Stock Purchase Agreement" shall mean the agreement between the Company and a Purchaser who acquires Shares under the Plan that contains the terms, conditions and restrictions pertaining to the acquisition of such Shares.

(dd) "Subsidiary." shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

oDesk Corporation 2004 Stock Plan
NOTICE OF STOCK OPTION GRANT

You have been granted the following option to purchase shares of the Common Stock of oDesk Corporation (the "Company"):

Name of Optionee:	<Name> ("Optionee")
Total Number of Shares:	<Number>
Type of Option:	<Incentive Stock Option>
Exercise Price Per Share:	<Price>
Date of Grant:	<Grant Date>
Date Exercisable:	This option will become exercisable during its term with only respect to portions of the Shares in accordance with the following Vesting Schedule: «VestSched»
Vesting Commencement Date:	<Vesting Commencement Date>
Expiration Date:	<Expiration Date>. This option expires earlier if the Optionee's Service terminates earlier, as provided in Section 6 of the Stock Option Agreement.

By your signature and the signature of the Company's representative below, you and the Company agree that this option is granted under and governed by the terms and conditions of the 2004 Stock Plan and the Stock Option Agreement, both of which are attached to and made a part of this document. By your acceptance below (whether written, electronic or otherwise), you agree, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, you accept the electronic delivery of any documents that the Company (or any third party the Company may designate), may deliver in connection with this grant (including any information described in Rules 701(e)(2), (3), (4) and (5) under the Securities Act (the "**701 Disclosures**"), account statements, or other communications or information) whether via the Company's intranet or the Internet site of such third party or via email or such other means of electronic delivery specified by the Company.

OPTIONEE:

ODESK CORPORATION

By: _____
 Title: _____

Exhibit A

Stock Option Agreement

THE OPTION GRANTED PURSUANT TO THIS AGREEMENT AND THE SHARES ISSUABLE UPON THE EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

ODESK CORPORATION 2004 STOCK PLAN:
STOCK OPTION AGREEMENT

SECTION 1. GRANT OF OPTION.

(a) **Option.** On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, the Company grants to the Optionee on the Date of Grant the option to purchase at the Exercise Price the number of Shares set forth in the Notice of Stock Option Grant. The Exercise Price is agreed to be at least 100% of the Fair Market Value per Share on the Date of Grant (110% of Fair Market Value if Section 3(b) of the Plan applies). This option is intended to be an ISO or an NSO, as provided in the Notice of Stock Option Grant.

(b) **\$100,000 Limitation.** Even if this option is designated as an ISO in the Notice of Stock Option Grant, it shall be deemed to be an NSO to the extent (and only to the extent) required by the \$100,000 annual limitation under Section 422(d) of the Code.

(c) **Stock Plan and Defined Terms.** This option is granted pursuant to the Plan, a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. Capitalized terms are defined in Section 14 of this Agreement.

SECTION 2. RIGHT TO EXERCISE.

(a) **Exercisability.** Subject to Subsection (b) below and the other conditions set forth in this Agreement, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant.

(b) **Stockholder Approval.** Any other provision of this Agreement notwithstanding, no portion of this option shall be exercisable at any time prior to the approval of the Plan by the Company's stockholders.

SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.

Except as otherwise provided in this Agreement, this option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

SECTION 4. EXERCISE PROCEDURES.

(a) **Notice of Exercise.** The Optionee or the Optionee's representative may exercise this option by giving written notice to the Company pursuant to Section 12(c). The notice shall specify the election to exercise this option, the number of Shares for which it is being exercised and the form of payment. The person exercising this option shall sign the notice. In the event that this option is being exercised by the representative of the Optionee, the notice shall be accompanied by proof (satisfactory to the Company) of the representative's right to exercise this option. The Optionee or the Optionee's representative shall deliver to the Company, at the time of giving the notice, payment in a form permissible under Section 5 for the full amount of the Purchase Price.

(b) Issuance of Shares. After receiving a proper notice of exercise, the Company shall cause to be issued one or more certificates evidencing the Shares for which this option has been exercised. Such Shares shall be registered (i) in the name of the person exercising this option, (ii) in the names of such person and his or her spouse as community property or as joint tenants with the right of survivorship or (iii) with the Company's consent, in the name of a revocable trust. The Company shall cause such certificates to be delivered to or upon the order of the person exercising this option.

(c) Withholding Taxes. In the event that the Company determines that it is required to withhold any tax as a result of the exercise of this option, the Optionee, as a condition to the exercise of this option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements. 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 disposition of Shares purchased by exercising this option.

SECTION 5. PAYMENT FOR STOCK.

(a) Cash. All or part of the Purchase Price may be paid in cash or cash equivalents.

(b) Surrender of Stock. All or any part of the Purchase Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee and (i) for which the Company has received "full payment of the purchase price" within the meaning of Rule 144, promulgated under the Securities Act or (ii) that were obtained by the Optionee in the public market. Such Shares shall be surrendered to the Company in good form for transfer, free and clear of all liens, claims, encumbrances or security interests, and shall be valued at their Fair Market Value on the date when this option is exercised.

(c) Exercise/Sale. All or part of the Purchase Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company. However, payment pursuant to this Subsection (c) shall be permitted only if (i) Stock then is publicly traded and (ii) such payment does not violate applicable law.

(d) Exercise/Pledge. All or part of the Purchase Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company. However, payment pursuant to this Subsection (d) shall be permitted only if (i) Stock then is publicly traded and (ii) such payment does not violate applicable law.

SECTION 6. TERM AND EXPIRATION.

(a) Basic Term. This option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies).

(b) Termination of Service (Except by Death). If the Optionee's Service terminates for any reason other than death, then this option shall expire on the earliest of the following occasions:

- (i) The expiration date determined pursuant to Subsection (a) above;
- (ii) The date three months after the termination of the Optionee's Service for any reason other than Disability; or
- (iii) The date six months after the termination of the Optionee's Service by reason of Disability.

The Optionee may exercise all or part of this option at any time before its expiration under the preceding sentence, but only to the extent that this option had become exercisable before the Optionee's Service terminated. When the Optionee's Service terminates, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable. In the event that the Optionee dies after termination of Service but before the expiration of this option, all or part of this option may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee's Service terminated.

(c) Death of the Optionee. If the Optionee dies while in Service, then this option shall expire on the earlier of the following dates:

- (i) The expiration date determined pursuant to Subsection (a) above; or
- (ii) The date 12 months after the Optionee's death.

All or part of this option may be exercised at any time before its expiration under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee's death. When the Optionee dies, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable.

(d) Part-Time Employment and Leaves of Absence. If the Optionee commences working on a part-time basis, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant in accordance with the Company's part-time work policy or the terms of an agreement between the Optionee and the Company pertaining to his or her part-time schedule. If the Optionee goes on a leave of absence, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant in accordance with the Company's leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while the Optionee is on a *bona fide* leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Optionee immediately returns to active work.

(e) Notice Concerning ISO Treatment. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it ceases to qualify for favorable tax treatment as an ISO to the extent that it is exercised:

- (i) More than three months after the date when the Optionee ceases to be an Employee for any reason other than death or permanent and total disability (as defined in Section 22(e)(3) of the Code);
- (ii) More than 12 months after the date when the Optionee ceases to be an Employee by reason of permanent and total disability (as defined in Section 22(e)(3) of the Code); or
- (iii) More than three months after the date when the Optionee has been on a leave of absence for 90 days, unless the Optionee's reemployment rights following such leave were guaranteed by statute or by contract.

SECTION 7. RIGHT OF FIRST REFUSAL.

(a) Right of First Refusal. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable federal or state securities laws. The Transfer Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) Transfer of Shares. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable federal and state securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) Additional or Exchanged Securities and Property. In the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 7 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 7.

(d) Termination of Right of First Refusal. Any other provision of this Section 7 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) Permitted Transfers. This Section 7 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) Termination of Rights as Stockholder. If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 7, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) Assignment of Right of First Refusal. The Board of Directors may freely assign the Company's Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company's rights and obligations under this Section 7.

SECTION 8. LEGALITY OF INITIAL ISSUANCE.

No Shares shall be issued upon the exercise of this option unless and until the Company has determined that:

- (i) It and the Optionee have taken any actions required to register the Shares under the Securities Act or to perfect an exemption from the registration requirements thereof;
- (ii) Any applicable listing requirement of any stock exchange or other securities market on which Stock is listed has been satisfied; and
- (iii) Any other applicable provision of federal, state or foreign law has been satisfied.

SECTION 9. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 10. RESTRICTIONS ON TRANSFER.

(a) Securities Law Restrictions. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

(b) Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Optionee or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its underwriters. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriters. In no event, however, shall such period exceed 180 days. The Market Stand-Off shall in any event terminate two years after the date of the Company's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Subsection (b). This Subsection (b) shall not apply to Shares registered in the public offering under the Securities Act, and the Optionee or a Transferee shall be subject to this Subsection (b) only if the directors and officers of the Company are subject to similar arrangements.

(c) Investment Intent at Grant. The Optionee represents and agrees that the Shares to be acquired upon exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof.

(d) Investment Intent at Exercise. In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available which requires an investment representation or other representation, the Optionee shall represent and agree at the time of exercise that the Shares being acquired upon exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel.

(e) **Legends.** All certificates evidencing Shares purchased under this Agreement shall bear the following legend:

“THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). SUCH AGREEMENT GRANTS TO THE COMPANY CERTAIN RIGHTS OF FIRST REFUSAL UPON AN ATTEMPTED TRANSFER OF THE SHARES. THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE.”

All certificates evidencing Shares purchased under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

“THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.”

(f) **Removal of Legends.** If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) **Administration.** Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 10 shall be conclusive and binding on the Optionee and all other persons.

SECTION 11. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 10(a) of the Plan, the terms of this option (including, without limitation, the number and kind of Shares subject to this option and the Exercise Price) shall be adjusted as set forth in Section 10(a) of the Plan. In the event that the Company is a party to a merger or consolidation, this option shall be subject to the agreement of merger or consolidation, as provided in Section 10(b) of the Plan.

SECTION 12. MISCELLANEOUS PROVISIONS.

(a) **Rights as a Stockholder.** Neither the Optionee nor the Optionee’s representative shall have any rights as a stockholder with respect to any Shares subject to this option until the Optionee or the Optionee’s representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(b) **No Retention Rights.** Nothing in this option or in the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Optionee) or of the Optionee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(c) **Notice.** Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid or (iii) deposit with Federal Express Corporation, with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to the Optionee at the address that he or she most recently provided to the Company in accordance with this Subsection (c).

(d) **Entire Agreement.** The Notice of Stock Option Grant, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

(e) **Choice of Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

SECTION 13. DEFINITIONS.

(a) **“Agreement”** shall mean this Stock Option Agreement.

(b) **“Board of Directors”** shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(c) **“Code”** shall mean the Internal Revenue Code of 1986, as amended.

(d) **“Committee”** shall mean a committee of the Board of Directors, as described in Section 2 of the Plan.

(e) **“Company”** shall mean oDesk Corporation.

(f) **“Consultant”** shall mean a person who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor, excluding Employees and Outside Directors.

(g) **“Date of Grant”** shall mean the date specified in the Notice of Stock Option Grant, which date shall be the later of (i) the date on which the Board of Directors resolved to grant this option or (ii) the first day of the Optionee’s Service.

(h) **“Disability”** shall mean permanent and total disability as defined in Section 22(e)(3) of the Code.

(i) **“Employee”** shall mean any individual who is a common-law employee of the Company, a Parent or a Subsidiary.

(j) **“Exercise Price”** shall mean the amount for which one Share may be purchased upon exercise of this option, as specified in the Notice of Stock Option Grant.

(k) **“Fair Market Value”** shall mean the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(l) **“Immediate Family”** shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(m) **“ISO”** shall mean an employee incentive stock option described in Section 422(b) of the Code.

(n) **“Notice of Stock Option Grant”** shall mean the document so entitled to which this Agreement is attached.

(o) **“NSO”** shall mean a stock option not described in Sections 422(b) or 423(b) of the Code.

(p) **“Optionee”** shall mean the person named in the Notice of Stock Option Grant.

(q) **“Outside Director”** shall mean a member of the Board of Directors who is not an Employee.

(r) **“Parent”** shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

- (r) **“Plan”** shall mean the oDesk Corporation 2004 Stock Plan, as in effect on the Date of Grant.
- (s) **“Purchase Price”** shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.
- (t) **“Right of First Refusal”** shall mean the Company’s right of first refusal described in Section 7.
- (u) **“Securities Act”** shall mean the Securities Act of 1933, as amended.
- (v) **“Service”** shall mean service as an Employee, Outside Director or Consultant.
- (w) **“Share”** shall mean one share of Stock, as adjusted in accordance with Section 10 of the Plan (if applicable).
- (x) **“Stock”** shall mean the Common Stock of the Company.
- (y) **“Subsidiary”** shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in such chain.
- (z) **“Transferee”** shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.
- (aa) **“Transfer Notice”** shall mean the notice of a proposed transfer of Shares described in Section 7.

ANNEX A

FORM OF NOTICE OF STOCK OPTION EXERCISE

ODESK CORPORATION 2004 STOCK PLAN

NOTICE OF STOCK OPTION EXERCISE

YOU MUST SIGN THIS NOTICE ON PAGE 3 BEFORE SUBMITTING IT TO THE COMPANY.

OPTIONEE INFORMATION:

Name: _____

Social Security Number: _____

Address: _____

Employee Number: _____

OPTION INFORMATION:

Date of Grant: _____

Type of Stock Option:

Exercise Price per Share: _____

Nonstatutory (NSO)

Total number of shares of Common Stock of oDesk Corporation (the "Company") covered by option: _____

Incentive (ISO)

EXERCISE INFORMATION:

Number of shares of Common Stock of the Company for which Option is being exercised now: _____ (These shares are referred to below as the "Purchased Shares.")

Total Exercise Price for the Purchased Shares: \$ _____

Form of payment enclosed (check all that apply):

- Check for \$ _____, payable to "oDesk Corporation"
- Certificate(s) for _____ shares of Common Stock of the Company. (These shares will be valued as of the date this notice is received by the Company.)
- Attestation Form covering _____ shares of Common Stock of the Company. (These shares will be valued as of the date this notice is received by the Company.)
- Full Recourse Promissory Note and related Pledge Agreement consistent with the terms set forth in Section 6(e) of the Stock Option Agreement
- Broker Assisted Cashless Exercise (only available once the Company's common stock is publicly traded) pursuant to Section 6(c) of the Stock Option Agreement.
- Other method permitted by the Stock Option Agreement: _____

Name(s) in which the Purchased Shares should be registered (please review the attached explanation of the available forms of ownership, and then check one box):

- In my name only
- In the names of my spouse and myself as community property
- In the names of my spouse and myself as joint tenants with the right of survivorship
- In the name of an eligible revocable trust [*requires Stock Transfer Agreement*]

My spouse's name (if applicable):

Full legal name of revocable trust:

The certificate for the Purchased Shares should be sent to the following address:

REPRESENTATIONS AND ACKNOWLEDGMENTS OF THE OPTIONEE:

1. I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any "distribution" of the Purchased Shares within the meaning of the Securities Act of 1933, as amended (the "*Securities Act*").
2. I understand that the Purchased Shares have not been registered under the Securities Act or any state securities laws by reason of a specific exemption therefrom and that the Purchased Shares must be held indefinitely, unless they are subsequently registered under the Securities Act and any applicable state securities laws or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required.
3. I acknowledge that the Company is under no obligation to register the Purchased Shares.
4. I am aware of the adoption of Rule 144 by the Securities and Exchange Commission under the Securities Act, which permits limited public resales of securities acquired in a non-public offering, subject to the satisfaction of certain conditions. These conditions include (without limitation) that certain current public information about the issuer is available, that the resale occurs only after the holding period required by Rule 144 has been satisfied, that the sale occurs through an unsolicited "broker's transaction" and that the amount of securities being sold during any three-month period does not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company has no plans to satisfy these conditions in the foreseeable future.
5. I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder, including Rule 144 under the Securities Act.

6. I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares.
7. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.
8. I acknowledge that the Purchased Shares remain subject to the Company's right of first refusal and the market stand-off (sometimes referred to as the "lock-up"), all in accordance with the applicable Option Grant and Stock Option Agreement.
9. I acknowledge that I am acquiring the Purchased Shares subject to all other terms of the Option Grant and Stock Option Agreement.
10. To the extent I am entitled to inspection rights under Section 220 of the General Corporation Law of Delaware, I acknowledge and understand that, but for the waiver made herein, I would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such rights, and any and all such other rights of Purchaser as may be provided for in Section 220, the "**Inspection Rights**"). In light of the foregoing, until the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, I hereby unconditionally and irrevocably waive the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver applies to my Inspection Rights in my capacity as a stockholder and shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights under any written agreement I may have with the Company
11. I acknowledge that I have received a copy of the Company's explanation of the forms of ownership available for my Purchased Shares. I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that does not satisfy the requirements [described in the attached explanation] (i.e., a trust that is not an eligible revocable trust), I also acknowledge that the transfer will be treated as a "disposition" for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.
12. [I acknowledge that I have received a copy of the Company's explanation of the federal income tax consequences of an option exercise.] I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.
13. I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.
14. I further agree to deliver to the Company concurrently herewith: (a) a copy of a Stock Power and Assignment Separate from Stock Certificate in the form attached hereto as Exhibit A, executed by myself and my spouse, if any, and (b) if married, a Spouse Consent in the form attached hereto as Exhibit B, executed by myself and my spouse.

SIGNATURE:

DATE:

EXHIBIT A

**STOCK POWER AND ASSIGNMENT
SEPARATE FROM STOCK CERTIFICATE**

**STOCK POWER AND ASSIGNMENT
SEPARATE FROM STOCK CERTIFICATE**

FOR VALUE RECEIVED and pursuant to [(i)] that certain Notice of Stock Option Exercise and related Stock Option Agreement (together, the "**Option Agreements**") [and (ii) that certain Secured Full Recourse Promissory Note and that certain Stock Pledge Agreement (together, the "**Loan Agreements**"), in each case] by and between the undersigned and oDesk Corporation (the "**Company**") dated as of _____, _____, the undersigned hereby sells, assigns and transfers unto _____, _____ shares of the Common Stock of the Company, standing in the undersigned's name on the books of the Company represented by Certificate No(s). _____ (the "**Shares**") delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of the Company. *THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THE OPTION AGREEMENTS, THE LOAN AGREEMENTS AND ANY EXHIBITS THERETO.*

Dated: _____, _____

OPTIONEE

(Signature)

(Please Print Name)

(Optionee's Signature, if any)

(Please Print Spouse's Name)

Instructions to Optionee: Please do not fill in any blanks other than the signature line. The purpose of this Stock Power and Assignment is to enable the Company to acquire the Shares [(i)] upon exercise of its "Right of First Refusal" set forth in the Option Agreements[, and/or (ii) upon an event of default of Optionee under or repayment of amounts outstanding under the Loan Agreements, in each case] without requiring additional signatures on the part of the Optionee or Optionee's spouse, if any.

EXHIBIT B

SPOUSE CONSENT

SPOUSE CONSENT

The undersigned spouse of _____ (the "**Optionee**") has read, understands, and hereby approves [(i)] that certain Notice of Stock Option Exercise (the "**Exercise Agreement**") and related Stock Option Agreement (together with the Exercise Agreement, the "**Option Agreements**") [and (ii) that certain Stock Pledge Agreement (the "**Pledge Agreement**") and that certain Secured Full Recourse Promissory Note (together with the Pledge Agreement, the "**Loan Agreements**"), in each case] by and between the undersigned and oDesk Corporation (the "**Company**") dated as of _____, _____. In consideration of the Company [(i)] granting my spouse the right to purchase the Purchased Shares (as defined in the Exercise Agreement) [and (ii) loaning my spouse the funds under the Loan Agreements], the undersigned hereby agrees to be irrevocably bound by the Option Agreements [and the Loan Agreements], and further agrees that any community property interest I may have in (i) the Purchased Shares and (ii) the Pledged Shares (as defined in the Pledge Agreement), shall similarly be bound by the Option Agreements [and the Loan Agreements]. The undersigned hereby appoints Optionee as my attorney-in-fact with respect to any amendment or exercise of any rights under the Option Agreements [and the Loan Agreements].

Date: _____

Print Name of Optionee's Spouse

Signature of Optionee's Spouse

Address: _____

Check this box, if Optionee is not married.

Signature of Optionee

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

As Adopted on March 28, 2014

Amended on August 13, 2014

Amended on October 26, 2017

1. PURPOSE. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, its Parent and Subsidiaries by offering eligible persons an opportunity to participate in the Company's future performance through the grant of Awards covering Shares. Capitalized terms not defined in the text are defined in Section 14 hereof. Although this Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701, grants may be made pursuant to this Plan that do not qualify for exemption under Rule 701 or Section 25102(o). Any requirement of this Plan that is required in law only because of Section 25102(o) need not apply if the Committee so provides.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.2 and 11 hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan will be 19,964,076 Shares plus (a) shares that are subject to outstanding option grants under the oDesk Corporation 2004 Stock Plan (the "**oDesk 2004 Plan**"), the Elance, Inc. 1999 Stock Option Plan (the "**Elance 1999 Plan**") and/or the Elance, Inc. 2009 Stock Option Plan (the "**Elance 2009 Plan**" and, together with the oDesk 2004 Plan and the Elance 1999 Plan, the "**Prior Plans**") that were outstanding on the Effective Date (as defined in Section 13.1 hereof) (the "**Prior Options**"), but cease to be subject to an award for any reason other than exercise of an option after the Effective Date; (b) any shares that, as of the date of stockholder approval of this Plan, have been reserved but not issued pursuant to any awards granted under the Prior Plans and are not subject to any awards granted thereunder, and (c) shares that were issued under any of the Prior Plans pursuant to the exercise of the Prior Options, which are repurchased by the Company or which are forfeited or used to pay withholding obligations or pay the exercise price of an option. Subject to Sections 2.2 and 11 hereof, Shares subject to Awards that are cancelled, forfeited, settled in cash, used to pay withholding obligations or pay the exercise price of an Option or that expire by their terms at any time will again be available for grant and issuance in connection with other Awards. In the event that Shares previously issued under the Plan are reacquired by the Company pursuant to a forfeiture provision, right of first refusal, or repurchase by the Company, such Shares shall be added to the number of Shares then available for issuance under the Plan. At all times the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all Awards granted and outstanding under this Plan. In no event shall the total number of Shares issued (counting each reissuance of a Share that was previously issued and then forfeited or repurchased by the Company as a separate issuance) under the Plan upon exercise of ISOs exceed 61,000,000 Shares (adjusted in proportion to any adjustments under Section 2.2 hereof) over the term of the Plan (the "**ISO Limit**").

2.2 Adjustment of Shares. In the event that the number of outstanding shares of the Company's Common Stock is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or other change in the capital structure of the Company affecting Shares without consideration, then in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan (a) the number of Shares reserved for issuance under this Plan, (b) the Exercise Prices of and number of Shares subject to outstanding Options and SARs, and (c) the Purchase Prices of and/or number of Shares subject to other outstanding Awards will (to the extent

appropriate) be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities laws; *provided, however*, that fractions of a Share will not be issued but will either be paid in cash at the Fair Market Value of such fraction of a Share or will be rounded down to the nearest whole Share, as determined by the Committee.

3. PLAN FOR BENEFIT OF SERVICE PROVIDERS

3.1 Eligibility. The Committee will have the authority to select persons to receive Awards. ISOs (as defined in Section 4 hereof) may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary of the Company. NQSOs (as defined in Section 4 hereof) and all other types of Awards may be granted to employees, officers, directors and consultants of the Company or any Parent or Subsidiary of the Company; *provided* such consultants render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction when Rule 701 is to apply to the Award granted for such services. A person may be granted more than one Award under this Plan.

3.2 No Obligation to Employ. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent or Subsidiary or limit in any way the right of the Company or any Parent or Subsidiary to terminate Participant's employment or other relationship at any time, with or without Cause.

4. OPTIONS. The Committee may grant Options to eligible persons described in Section 3 hereof and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("*ISOs*") or Nonqualified Stock Options ("*NQSOs*"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following.

4.1 Form of Option Grant. Each Option granted under this Plan will be evidenced by an Award Agreement which will expressly identify the Option as an ISO or an NQSO ("*Stock Option Agreement*"), and will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve, and which will comply with and be subject to the terms and conditions of this Plan.

4.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, unless a later date is otherwise specified by the Committee. The Stock Option Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

4.3 Exercise Period. Options may be exercisable within the time or upon the events determined by the Committee in the Award Agreement and may be awarded as immediately exercisable but subject to repurchase pursuant to Section 10 hereof or may be exercisable within the times or upon the events determined by the Committee as set forth in the Stock Option Agreement governing such Option; *provided, however*, that (a) no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and (b) no ISO granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary ("*Ten Percent Stockholder*") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

4.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted and shall not be less than the Fair Market Value per Share unless expressly determined in writing by the Committee on the Option's date of grant; *provided* that the Exercise Price of an ISO shall not be less than the Fair Market Value per Share and if granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased must be made in accordance with Section 8 hereof.

4.5 Method of Exercise. Options may be exercised only by delivery to the Company of a written stock option exercise agreement (the "*Exercise Agreement*") in a form approved by the Committee (which need not be the same for each Participant). The Exercise Agreement will state (a) the number of Shares being purchased, (b) the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and (c) such representations and agreements regarding Participant's investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws. Each Participant's Exercise Agreement may be modified by (i) agreement of Participant and the Company or (ii) substitution by the Company, upon becoming a public company, in order to add the payment terms and Tax-Related Items provision set forth in Sections 8.1 and 8.2 that apply to a public company and such other terms as shall be necessary or advisable in order to exercise a public company option. Upon exercise of an Option, Participant shall execute and deliver to the Company the Exercise Agreement then in effect, together with payment in full of the Exercise Price for the number of Shares being purchased and payment of any applicable Tax-Related Items. 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 2.2 of the Plan. Exercising an Option in any manner will decrease 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.

4.6 Termination. Subject to earlier termination pursuant to Sections 11 and 13.3 hereof and notwithstanding the exercise periods set forth in the Stock Option Agreement, exercise of an Option will always be subject to the following terms and conditions.

4.6.1 Other than Death or Disability or for Cause. If the Participant is Terminated for any reason other than death, Disability or for Cause, then the Participant may exercise such Participant's Options only to the extent that such Options are exercisable as to Vested Shares upon the Termination Date or as otherwise determined by the Committee. Such Options must be exercised by the Participant, if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within three (3) months after the Termination Date (or within such longer time period after the Termination Date as may be determined by the Committee, with any exercise beyond three (3) months after the date Participant ceases to be an employee deemed to be an NQSO) but in any event, no later than the expiration date of the Options.

4.6.2 Death or Disability. If the Participant is Terminated because of Participant's death or Disability (or the Participant dies within three (3) months after a Termination other than for Cause), then Participant's Options may be exercised only to the extent that such Options are exercisable as to Vested Shares by Participant on the Termination Date or as otherwise determined by the Committee. Such options must be exercised by Participant (or Participant's legal representative or authorized assignee), if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within (i) in the case of Participant's death, twelve (12) months after the Termination Date or (ii) in the case of Participant's Disability, six (6) months after the Termination Date, or in each case within such longer time period after the Termination Date as may be determined by the Committee, with any exercise beyond (a) three (3) months after the date Participant ceases to be an employee when the Termination is for any reason other than the Participant's death or disability, within the meaning of Section 22(e)(3) of the Code, or (b) twelve (12) months after the date Participant ceases to be an employee when the Termination is for Participant's disability, within the meaning of Section 22(e)(3) of the Code, deemed to be an NQSO, but in any event no later than the expiration date of the Options.

4.6.3 **For Cause.** If the Participant is terminated for Cause, the Participant may exercise such Participant's Options, but not to an extent greater than such Options are exercisable as to Vested Shares upon the Termination Date and Participant's Options shall expire on such Participant's Termination Date, or at such later time and on such conditions as are determined by the Committee.

4.7 **Limitations on Exercise.** The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option, *provided* that such minimum number will not prevent Participant from exercising the Option for the full number of Shares for which it is then exercisable.

4.8 **Limitations on ISOs.** The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company or any Parent or Subsidiary of the Company) will not exceed One Hundred Thousand Dollars (\$100,000). If the Fair Market Value of Shares on the date of grant with respect to which ISOs are exercisable for the first time by a Participant during any calendar year exceeds One Hundred Thousand Dollars (\$100,000), then the Options for the first One Hundred Thousand Dollars (\$100,000) worth of Shares to become exercisable in such calendar year will be ISOs and the Options for the amount in excess of One Hundred Thousand Dollars (\$100,000) that become exercisable in that calendar year will be NQSOs. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date (as defined in Section 13.1 hereof) to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, then such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

4.9 **Modification, Extension or Renewal.** The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, *provided* that any such action may not, without the written consent of a Participant, substantially impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 4.10 hereof, the Committee may reduce the Exercise Price of outstanding Options without the consent of Participants by a written notice to them; *provided, however*, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 4.4 hereof for Options granted on the date the action is taken to reduce the Exercise Price.

4.10 **No Disqualification.** Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant, to disqualify any Participant's ISO under Section 422 of the Code.

5. **RESTRICTED STOCK.** A Restricted Stock Award is an offer by the Company to sell or issue to an eligible person Shares that are subject to certain specified restrictions. The Board or Committee as required under applicable law, will determine to whom an offer will be made, the number of Shares the person may purchase or acquire, the Purchase Price (if any), the restrictions to which the Shares will be subject, and all other terms and conditions of the Restricted Stock Award, subject to the following terms and conditions.

5.1 Form of Restricted Stock Award. All purchases or acquisitions under a Restricted Stock Award made pursuant to this Plan will be evidenced by an Award Agreement ("**Restricted Stock Purchase Agreement**") that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. The Restricted Stock Award will be accepted by the Participant's execution and delivery of the Restricted Stock Purchase Agreement and full payment, if applicable, for the Shares to the Company within thirty (30) days from the date the Restricted Stock Purchase Agreement is delivered to the person. If such person does not execute and deliver the Restricted Stock Purchase Agreement along with full payment, if applicable, for the Shares to the Company within such thirty (30) days, then the offer will terminate, unless otherwise determined by the Committee.

5.2 Purchase Price. If applicable, the Purchase Price of Shares sold pursuant to a Restricted Stock Award will be determined by the Committee on the date the Restricted Stock Award is granted or at the time the purchase is consummated. Payment of the Purchase Price must be made in accordance with Section 8 hereof.

5.3 Dividends and Other Distributions. Participants holding Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Committee provides otherwise at the time of award. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

5.4 Restrictions. Restricted Stock Awards may be subject to the restrictions set forth in Sections 9 and 10 hereof or, with respect to a Restricted Stock Award to which Section 25102(o) is to apply, such other restrictions not inconsistent with Section 25102(o).

6. RESTRICTED STOCK UNITS.

6.1 Awards of Restricted Stock Units. A Restricted Stock Unit ("**RSU**") is an Award covering a number of Shares that may be settled in cash, or by issuance of those Shares at a date in the future, or both. No Purchase Price shall apply to an RSU settled in Shares. All grants of Restricted Stock Units will be evidenced by an Award Agreement that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan.

6.2 Form and Timing of Settlement. To the extent permissible under applicable law, the Committee may permit a Participant to defer payment under a RSU to a date or dates after the RSU is earned, *provided* that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code (or any successor) and any regulations or rulings promulgated thereunder. Payment may be made in the form of cash or whole Shares or a combination thereof, all as the Committee determines.

7. STOCK APPRECIATION RIGHTS.

7.1 Awards of SARs. Stock Appreciation Rights ("**SARs**") may be settled in cash, or Shares (which may consist of Restricted Stock or RSUs), having a value equal to the value determined by multiplying the difference between the Fair Market Value on the date of exercise over the Exercise Price and the number of Shares with respect to which the SAR is being settled. All grants of SARs made pursuant to this Plan will be evidenced by an Award Agreement that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan.

7.2 Exercise Period and Expiration Date. A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The Award Agreement shall set forth the Expiration Date; *provided* that no SAR will be exercisable after the expiration of ten years from the date the SAR is granted.

7.3 Exercise Price. The Committee will determine the Exercise Price of the SAR when the SAR is granted, and which may not be less than the Fair Market Value on the date of grant and may be settled in cash or in Shares.

7.4 Termination. Subject to earlier termination pursuant to Sections 11 and 13.1 hereof and notwithstanding the exercise periods set forth in the Award Agreement, exercise of SARs will always be subject to the following terms and conditions.

7.4.1 **Other than Death or Disability or for Cause.** If the Participant is Terminated for any reason other than death, Disability or for Cause, then the Participant may exercise such Participant's SARs only to the extent that such SARs are exercisable as to Vested Shares upon the Termination Date or as otherwise determined by the Committee. SARs must be exercised by the Participant, if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within three (3) months after the Termination Date (or within such longer time period after the Termination Date as may be determined by the Committee) but in any event, no later than the expiration date of the SARs.

7.4.2 **Death or Disability.** If the Participant is Terminated because of Participant's death or Disability (or the Participant dies within three (3) months after a Termination other than for Cause), then Participant's SARs may be exercised only to the extent that such SARs are exercisable as to Vested Shares by Participant on the Termination Date or as otherwise determined by the Committee. Such SARs must be exercised by Participant (or Participant's legal representative or authorized assignee), if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within (i) in the case of Participant's death, twelve (12) months after the Termination Date or (ii) in the case of Participant's Disability, six (6) months after the Termination Date, or in each case within such longer time period after the Termination Date as may be determined by the Committee, but in any event no later than the expiration date of the SARs.

7.4.3 **For Cause.** If the Participant is terminated for Cause, the Participant may exercise such Participant's SARs, but not to an extent greater than such SARs are exercisable as to Vested Shares upon the Termination Date and Participant's SARs shall expire on such Participant's Termination Date, or at such later time and on such conditions as are determined by the Committee.

8. PAYMENT FOR PURCHASES AND EXERCISES.

8.1 Payment in General. Payment for Shares acquired pursuant to this Plan may be made in cash (by check) or, where expressly approved for the Participant by the Committee and where permitted by law:

(a) by cancellation of indebtedness of the Company owed to the Participant;

(b) by surrender of shares of the Company that are clear of all liens, claims, encumbrances or security interests and: (i) for which the Company has received "full payment of the purchase price" within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or (ii) that were obtained by Participant in the public market;

(c) by tender of a full recourse promissory note having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid imputation of income under Sections 483 and 1274 of the Code; *provided, however*, that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares; *provided, further*, that the portion of the Exercise Price or Purchase Price, as the case may be, equal to the par value (if any) of the Shares must be paid in cash or other legal consideration permitted by the laws under which the Company is then incorporated or organized;

(d) by waiver of compensation due or accrued to the Participant from the Company or its Subsidiary or Parent for services rendered;

(e) by participating in a formal cashless exercise program implemented by the Committee in connection with the Plan;

(f) provided that a public market for the Company's Common Stock exists, by exercising through a "same day sale" commitment from the Participant and a broker-dealer whereby the Participant irrevocably elects to exercise the Award and to sell a portion of the Shares so purchased sufficient to pay the total Exercise Price or Purchase Price, and whereby the broker-dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price or Purchase Price directly to the Company;

(g) by any other method of payment approved by the Committee; or

(h) by any combination of the foregoing.

8.2 Withholding Taxes.

8.2.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company an amount sufficient to satisfy applicable Tax-Related Items withholding requirements prior to the delivery of any certificate or certificates for such Shares. Whenever, under this Plan, payments in satisfaction of Awards are to be made in cash by the Company, such payment will be net of an amount sufficient to satisfy applicable Tax-Related Items withholding requirements.

8.2.2 Stock Withholding. When, under applicable tax laws, a Participant incurs Tax-Related Items liability in connection with the exercise or vesting of any Award that is subject to Tax-Related Items withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may in its sole discretion allow the Participant to satisfy the minimum Tax-Related Items withholding obligation by electing to have the Company withhold from the Shares to be issued up to the minimum number of Shares having a Fair Market Value on the date that the amount of Tax-Related Items to be withheld is to be determined that is not more than the minimum amount to be withheld; or to arrange a mandatory "sell to cover" on Participant's behalf (without further authorization) but in no event will the Company withhold Shares or "sell to cover" if such withholding would result in adverse accounting consequences to the Company. Any elections to have Shares withheld or sold for this purpose will be made in accordance with the requirements established by the Committee for such elections and be in writing in a form acceptable to the Committee.

9. RESTRICTIONS ON AWARDS.

9.1 Transferability. Subject to the transfer restrictions set forth in the Company's bylaws applicable to all shares of the Company's capital stock, except as permitted by the Committee, Awards granted under this Plan, and any interest therein, will not be transferable or assignable by Participant, other than by will or by the laws of descent and distribution, and, with respect to NQSOs, and if authorized by the Committee, by instrument to an inter vivos or testamentary trust in which the NQSOs are to be passed to beneficiaries upon the death of the trustor (settlor), or by gift to "family member" as that term is defined in Rule 701, and may not be made subject to execution, attachment or similar process. For the avoidance of doubt, the prohibition against assignment and transfer applies to a stock option and, prior to exercise, the shares to be issued on exercise of a stock option, and pursuant to the foregoing sentence shall be understood to include, without limitation, a prohibition against any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" or any "call equivalent position" (in each case, as defined in Rule 16a-1 promulgated under the Exchange Act). During the lifetime of the Participant an Award will be exercisable only by the Participant or Participant's legal representative and any elections with respect to an Award may be made only by the Participant or Participant's legal representative. The terms of an Option shall be binding upon the executor, administrator, successors and assigns of the Participant who is a party thereto.

9.2 Securities Law and Other Regulatory Compliance. Although this Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act, grants may be made pursuant to this Plan that do not qualify for exemption under Rule 701 or Section 25102(o). Any requirement of this Plan which is required in law only because of Section 25102(o) need not apply with respect to a particular Award to which Section 25102(o) will not apply. An Award will not be effective unless such Award is in compliance with all applicable federal, state or foreign securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and/or (b) compliance with any exemption, completion of any registration or other qualification of such Shares under any state, federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the exemption, registration, qualification or listing requirements of any state or foreign securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure so do.

9.3 Exchange and Buyout of Awards. The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. Without prior stockholder approval the Committee may reprice Options or SARs (and where such repricing is a reduction in the Exercise Price of outstanding Options or SARs, the consent of the affected Participants is not required provided written notice is provided to them). The Committee may at any time buy from a Participant an Award previously granted with payment in cash, Shares (including Restricted Stock) or other consideration, based on such terms and conditions as the Committee and the Participant may agree.

10. RESTRICTIONS ON SHARES.

10.1 Privileges of Stock Ownership. No Participant will have any of the rights of a stockholder with respect to any Shares until such Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; *provided*, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock. The Participant will have no right to retain such stock dividends or stock distributions with respect to Unvested Shares that are repurchased as described in this Section 10.

10.2 Rights of First Refusal and Repurchase. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement (a) a right of first refusal to purchase all Shares that a Participant (or a subsequent transferee) may propose to transfer to a third party, *provided* that such right of first refusal terminates upon the Company's initial public offering of Common Stock pursuant to an effective registration statement filed under the Securities Act and (b) a right to repurchase Unvested Shares held by a Participant for cash and/or cancellation of purchase money indebtedness owed to the Company by the Participant following such Participant's Termination at any time.

10.3 Escrow; Pledge of Shares. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated. The Committee may cause a legend or legends referencing such restrictions to be placed on the certificate. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note; *provided, however*, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

10.4 Securities Law Restrictions. All certificates for Shares or other securities delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

11. CORPORATE TRANSACTIONS.

11.1 Acquisitions or Other Combinations. In the event that the Company is subject to an Acquisition or Other Combination, outstanding Awards acquired under the Plan shall be subject to the agreement evidencing the Acquisition or Other Combination, which need not treat all outstanding Awards in an identical manner. Such agreement, without the Participant's consent, shall provide for one or more of the following with respect to all outstanding Awards as of the effective date of such Acquisition or Other Combination:

- (a) The continuation of such outstanding Awards by the Company (if the Company is the successor entity).

(b) The assumption of outstanding Awards by the successor or acquiring entity (if any) in such Acquisition or Other Combination (or by any of its Parents, if any), which assumption, will be binding on all Participants; provided that the exercise price and the number and nature of shares issuable upon exercise of any such option or stock appreciation right, or any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) and Section 409A of the Code. For the purposes of this Section 11, an Award will be considered assumed if, following the Acquisition or Other Combination, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Acquisition or Other Combination, the consideration (whether stock, cash, or other securities or property) received in the Acquisition or Other Combination by holders of Shares 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 Acquisition or Other Combination is not solely common stock of the successor corporation or its Parent, the Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, for each Share subject to such 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 Acquisition or Other Combination.

(c) The substitution by the successor or acquiring entity in such Acquisition or Other Combination (or by any of its Parents, if any) of equivalent awards with substantially the same terms for such outstanding Awards (except that the exercise price and the number and nature of shares issuable upon exercise of any such option or stock appreciation right, or any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code).

(d) The full or partial exercisability or vesting and accelerated expiration of outstanding Awards.

(e) The settlement of the full value of such outstanding Award (whether or not then vested or exercisable) in cash, cash equivalents, or securities of the successor entity (or its Parent, if any) with a Fair Market Value equal to the required amount, followed by the cancellation of such Awards; provided however, that such Award may be cancelled without consideration if such Award has no value, as determined by the Committee, in its discretion. Subject to Section 409A of the Code, such payment may be made in installments and may be deferred until the date or dates when the Award would have become exercisable or vested. Such payment may be subject to vesting based on the Participant's continued service, provided that without the Participant's consent, the vesting schedule shall not be less favorable to the Participant than the schedule under which the Award would have become vested or exercisable. For purposes of this Section 11.1(e), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

(f) The cancellation of outstanding Awards in exchange for no consideration.

Immediately following an Acquisition or Other Combination, outstanding Awards shall terminate and cease to be outstanding, except to the extent such Awards, have been continued, assumed or substituted, as described in Sections 11.1(a), (b) and/or (c).

11.2 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another entity, whether in connection with an acquisition of such other entity or otherwise, by either (a) granting an Award under this Plan in substitution of such other entity's award or (b) assuming and/or converting such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have

been eligible to be granted an Award under this Plan if the other entity had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another entity, the terms and conditions of such award will remain unchanged (except that the exercise price and the number and nature of shares issuable upon exercise of any such option or stock appreciation right, or any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option or SAR rather than assuming an existing option or stock appreciation right, such new Option or SAR may be granted with a similarly adjusted Exercise Price.

12. ADMINISTRATION.

12.1 Committee Authority. This Plan will be administered by the Committee or the Board if no Committee is created by the Board. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan. Without limitation, the Committee will have the authority to:

- (a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;
- (b) prescribe, amend, expand, modify and rescind or terminate rules and regulations relating to this Plan;
- (c) approve persons to receive Awards;
- (d) determine the form and terms of Awards;
- (e) determine the number of Shares or other consideration subject to Awards granted under this Plan;
- (f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;
- (g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or awards under any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;
- (h) grant waivers of any conditions of this Plan or any Award;
- (i) determine the terms of vesting, exercisability and payment of Awards to be granted pursuant to this Plan;
- (j) correct any defect, supply any omission, or reconcile any inconsistency in this Plan, any Award, any Award Agreement, any Exercise Agreement or any Restricted Stock Purchase Agreement;
- (k) determine whether an Award has been earned;
- (l) extend the vesting period beyond a Participant's Termination Date;

(m) adopt rules and/or procedures (including the adoption of any subplan under this Plan or any annex to an Award Agreement) relating to the operation and administration of the Plan to accommodate requirements of local law and procedures outside of the United States;

(n) delegate any of the foregoing to a subcommittee consisting of one or more executive officers pursuant to a specific delegation as may otherwise be permitted by applicable law;

(o) change the vesting schedule of Awards under the Plan prospectively in the event that the Participant's service status changes between full and part time status in accordance with Company policies relating to work schedules and vesting of awards; and

(p) make all other determinations necessary or advisable in connection with the administration of this Plan.

12.2 Committee Composition and Discretion. The Board may delegate full administrative authority over the Plan and Awards to a Committee consisting of at least one member of the Board (or such greater number as may then be required by applicable law). Unless in contravention of any express terms of this Plan or Award, any determination made by the Committee with respect to any Award will be made in its sole discretion either (a) at the time of grant of the Award, or (b) subject to Section 4.9 hereof, at any later time. Any such determination will be final and binding on the Company and on all persons having an interest in any Award under this Plan. To the extent permitted by applicable law, the Committee may delegate to one or more officers of the Company the authority to grant an Award under this Plan, *provided* that each such officer is a member of the Board.

12.3 Nonexclusivity of the Plan. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and other equity awards otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

12.4 Governing Law. This Plan and all agreements hereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to that body of laws pertaining to conflict of laws.

13. EFFECTIVENESS, AMENDMENT AND TERMINATION OF THE PLAN.

13.1 Adoption and Stockholder Approval. This Plan will become effective on the date that it is adopted by the Board (the "*Effective Date*"). This Plan will be approved by the stockholders of the Company (excluding Shares issued pursuant to this Plan), consistent with applicable laws, within twelve (12) months before or after the Effective Date. Upon the Effective Date, the Board may grant Awards pursuant to this Plan; *provided, however*, that: (a) no Option or SAR may be exercised prior to initial stockholder approval of this Plan; (b) no Option or SAR granted pursuant to an increase in the number of Shares approved by the Board shall be exercised prior to the time such increase has been approved by the stockholders of the Company; (c) in the event that initial stockholder approval is not obtained within the time period provided herein, all Awards for which only the exemption from California's securities qualification requirements provided by Section 25102(o) can apply shall be canceled, any Shares issued pursuant to any such Award shall be canceled and any purchase of such Shares issued hereunder shall be rescinded; and (d) Awards (to which only the exemption from California's securities qualification requirements provided by Section 25102(o) can apply) granted pursuant to an increase in the number of Shares approved by the Board which increase is not approved by stockholders within the time then required under Section 25102(o) shall be canceled, any Shares issued pursuant to any such Awards shall be canceled, and any purchase of Shares subject to any such Award shall be rescinded.

13.2 Term of Plan. Unless earlier terminated as provided herein, this Plan will automatically terminate ten (10) years after the later of (i) the Effective Date, or (ii) the most recent increase in the number of Shares reserved under Section 2 that was approved by the Company's stockholders.

13.3 Amendment or Termination of Plan. Subject to Section 4.9 hereof, the Board may at any time (a) terminate or amend this Plan in any respect, including without limitation amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan and (b) terminate any and all outstanding Options or SARs upon a dissolution or liquidation of the Company, followed by the payment of creditors and the distribution of any remaining funds to the Company's stockholders; *provided, however*, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval pursuant to Section 25102(o) or pursuant to the Code or the regulations promulgated under the Code as such provisions apply to ISO plans. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Award previously granted under the Plan.

14. DEFINITIONS. For all purposes of this Plan, the following terms will have the following meanings.

"**Acquisition**," for purposes of Section 11, means:

(a) any consolidation or merger in which the Company is a constituent entity or is a party in which the voting stock and other voting securities of the Company that are outstanding immediately prior to the consummation of such consolidation or merger represent, or are converted into, securities of the surviving entity of such consolidation or merger (or of any Parent of such surviving entity) that, immediately after the consummation of such consolidation or merger, together possess less than fifty percent (50%) of the total voting power of all voting securities of such surviving entity (or of any of its Parents, if any) that are outstanding immediately after the consummation of such consolidation or merger;

(b) a sale or other transfer by the holders thereof of outstanding voting stock and/or other voting securities of the Company possessing more than fifty percent (50%) of the total voting power of all outstanding voting securities of the Company, whether in one transaction or in a series of related transactions, pursuant to an agreement or agreements to which the Company is a party and that has been approved by the Board, and pursuant to which such outstanding voting securities are sold or transferred to a single person or entity, to one or more persons or entities who are Affiliates of each other, or to one or more persons or entities acting in concert; or

(c) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Company and/or any Subsidiary or Subsidiaries of the Company, of all or substantially all the assets of the Company and its Subsidiaries taken as a whole, (or, if substantially all of the assets of the Company and its Subsidiaries taken as a whole are held by one or more Subsidiaries, the sale or disposition (whether by consolidation, merger, conversion or otherwise) of such Subsidiaries of the Company), except where such sale, lease, transfer or other disposition is made to the Company or one or more wholly owned Subsidiaries of the Company (an "**Acquisition by Sale of Assets**").

"**Affiliate**" of a specified person means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified (where, for purposes of this definition, the term "**control**" (including the terms **controlling**, **controlled by** and **under common control with**) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

“**Award**” means any award pursuant to the terms and conditions of this Plan, including any Option, Restricted Stock Unit, Stock Appreciation Right or Restricted Stock Award.

“**Award Agreement**” means, with respect to each Award, the signed written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award as approved by the Committee. For purposes of the Plan, the Award Agreement may be executed via written or electronic means.

“**Board**” means the Board of Directors of the Company.

“**Cause**” means Termination because of (a) Participant’s unauthorized misuse of the Company or a Parent or Subsidiary of the Company’s trade secrets or proprietary information, (b) Participant’s conviction of or plea of nolo contendere to a felony or a crime involving moral turpitude, (c) Participant’s committing an act of fraud against the Company or a Parent or Subsidiary of the Company or (d) Participant’s gross negligence or willful misconduct in the performance of his or her duties that has had or will have a material adverse effect on the reputation or business of the Company or its Parent or Subsidiary.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Common Stock**” shall mean the common stock of the Company with a par value of \$0.0001 per share.

“**Committee**” means the committee created and appointed by the Board to administer this Plan, or if no committee is created and appointed, the Board.

“**Company**” means Upwork Inc. or any successor corporation.

“**Disability**” means a disability, whether temporary or permanent, partial or total, as determined by the Committee.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Exercise Price**” means the price per Share at which a holder of an Option may purchase Shares issuable upon exercise of the Option.

“**Fair Market Value**” means, as of any date, the value of a share of the Company’s Common Stock determined as follows:

(a) if such Common Stock is then publicly traded on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal;

(b) if such Common Stock is publicly traded but is not listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported by The Wall Street Journal (or, if not so reported, as otherwise reported by any newspaper or other source as the Committee may determine); or

(c) if none of the foregoing is applicable to the valuation in question, by the Committee in good faith.

“**Option**” means an award of an option to purchase Shares pursuant to Section 4 of this Plan.

“**Other Combination**” for purposes of Section 11 means any (a) consolidation or merger in which the Company is a constituent entity and is not the surviving entity of such consolidation or merger or (b) any conversion of the Company into another form of entity; *provided* that such consolidation, merger or conversion does not constitute an Acquisition.

“**Parent**” of a specified entity means, any entity that, either directly or indirectly, owns or controls such specified entity, where for this purpose, “**control**” means the ownership of stock, securities or other interests that possess at least a majority of the voting power of such specified entity (including indirect ownership or control of such stock, securities or other interests). With respect to ISOs, a Parent shall meet the requirements of a “parent corporation” under Section 424(e) of the Code.

“**Participant**” means a person who receives an Award under this Plan.

“**Plan**” means this 2014 Equity Incentive Plan, as amended from time to time.

“**Purchase Price**” means the price at which a Participant may purchase Restricted Stock pursuant to this Plan.

“**Restricted Stock**” means Shares purchased pursuant to a Restricted Stock Award under this Plan.

“**Restricted Stock Award**” means an award of Shares pursuant to Section 5 hereof.

“**Restricted Stock Unit**” or “**RSU**” means an award made pursuant to Section 6 hereof.

“**Rule 701**” means Rule 701 *et seq.* promulgated by the Commission under the Securities Act.

“**SEC**” means the Securities and Exchange Commission.

“**Section 25102(o)**” means Section 25102(o) of the California Corporations Code.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Shares**” means shares of the Company’s Common Stock reserved for issuance under this Plan, as adjusted pursuant to Sections 2.2 and 11 hereof, and any successor security.

“**Stock Appreciation Right**” or “**SAR**” means an award granted pursuant to Section 7 hereof.

“**Subsidiary**” means any entity (other than the Company) in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain owns stock or other equity securities representing fifty percent (50%) or more of the total combined voting power of all classes of stock or other equity securities in one of the other entities in such chain. With respect to ISOs, a Subsidiary shall meet the requirements of a “subsidiary corporation” under Section 424(f) of the Code.

“Tax-Related Items” means all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to the Participant’s participation in the Plan and legally applicable to the Participant.

“Termination” or **“Terminated”** means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director or consultant to the Company or a Parent or Subsidiary of the Company (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or providing services, or the terms of Participant’s employment or services agreement, if any). A Participant will not be deemed to have ceased to provide services while the Participant is on a bona fide leave of absence, if such leave was approved by the Company in writing. In the case of an approved leave of absence, the Committee may make such provisions respecting crediting of service, including suspension of vesting of the Award (including pursuant to a formal policy adopted from time to time by the Company) it may deem appropriate, except that in no event may an Option be exercised after the expiration of the term set forth in the Stock Option Agreement. A Participant shall not be deemed to be providing services during any statutory, contractual or common law notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where a participant is providing services or the terms of a Participant’s employment or service agreement, if any. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the **“Termination Date”**).

“Unvested Shares” means **“Unvested Shares”** as defined in the Award Agreement for an Award.

“Vested Shares” means **“Vested Shares”** as defined in the Award Agreement.

* * * * *

NOTICE OF STOCK OPTION GRANT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

The Optionee named below (“**Optionee**”) has been granted an option (this “**Option**”) to purchase shares of Common Stock (the “**Common Stock**”) of Upwork Inc. (the “**Company**”), pursuant to the Company’s 2014 Equity Incentive Plan, as amended from time to time (the “**Plan**”) on the terms, and subject to the conditions, described below and in the Stock Option Agreement attached hereto as **Exhibit A**, including its annexes (the “**Stock Option Agreement**”).

Optionee: «Optionee»

Maximum Number of Shares Subject to this Option (the “Shares”): «Total_Number_of_Options»

Exercise Price Per Share: \$ ___ per share

Date of Grant: «Grant_Date»

Vesting Start Date: «Vesting_Start_Date»

Exercise Schedule: This Option will become exercisable during its term with respect to portions of the Shares in accordance with the Vesting Schedule set forth below.

Expiration Date: The date ten (10) years after the Date of Grant set forth above, subject to earlier expiration in the event of Termination as provided in Section 3 of the Stock Option Agreement.

Tax Status of Option: Incentive Stock Option (*To the fullest extent permitted by the Code*)
(Check Only One Box): Nonqualified Stock Option.
(If neither box is checked, this Option is a Nonqualified Stock Option).

Vesting Schedule [EXAMPLE ONLY]: For so long as Optionee continuously provides services to the Company (or any Subsidiary or Parent of the Company) as an employee, officer, director, contractor or consultant and has not been Terminated, this Option will vest (that is, become exercisable) with respect to the Shares as follows: (a) prior to the first one (1) year anniversary of the Vesting Start Date this Option will not be vested or exercisable as to any of the Shares; (b) this Option will become vested and exercisable with respect to [1/4th] of the Shares on the one (1) year anniversary of the Vesting Start Date; and (c) thereafter, this Option will become vested and exercisable with respect to an additional [1/48th] of the Shares when Optionee completes each month of continuous service following the first one (1) year anniversary of the Vesting Start Date.

General; Agreement: By their signatures below, Optionee and the Company agree that this Option is granted under and governed by this Notice of Stock Option Grant (this “**Grant Notice**”) and by the provisions of the Plan and the Stock Option Agreement. The Plan and the Stock Option Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or in the Stock Option Agreement, as applicable. By signing below, Optionee acknowledges receipt of a copy of this Grant Notice, the Plan and the Stock Option Agreement, represents that Optionee has carefully read and is familiar with their provisions, and hereby accepts the Option subject to all of their respective terms and conditions. Optionee acknowledges that there may be adverse Tax-Related Items consequences with respect to the Option or the Shares and that Optionee should consult a tax adviser prior to exercise of the Option or disposition of the Shares. Optionee agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Optionee’s service status changes between full and part time status in accordance with Company policies relating to work schedules and vesting of equity awards.

Execution and Delivery: This Grant Notice may be executed and delivered electronically whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By Optionee’s acceptance hereof (whether written, electronic or otherwise), Optionee agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, Optionee accepts the electronic delivery of any documents that the Company (or any third party the Company may designate), may deliver in connection with this grant (including the Plan, this Grant Notice, the Stock Option Agreement, the information described in Rules 701(e)(2), (3), (4) and (5) under the Securities Act (the “**701 Disclosures**”), account statements, or other communications or information) whether via the Company’s intranet or the Internet site of such third party or via email or such other means of electronic delivery specified by the Company.

Upwork Inc.

By /Signature: _____

Optionee Signature: _____

Typed Name: _____

Optionee’s Name: «Optionee» _____

Title: _____

ATTACHMENT: Exhibit A – Stock Option Agreement

Exhibit A

Stock Option Agreement

STOCK OPTION EXERCISE NOTICE AND AGREEMENT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

***NOTE:** You must sign this Notice on Page 3 before submitting it to Upwork Inc. (the "Company") AND, if requested to do so by the Company, you must also sign the signature page to the Company's then-current Company Voting Agreement (as defined in the Stock Option Agreement) before submitting this Notice to the Company.

OPTIONEE INFORMATION: Please provide the following information about yourself ("Optionee"):

Name: «Optionee» _____

Address: _____

OPTION INFORMATION: Please provide this information on the option being exercised (the "Option"):

Grant No. «No»

Date of Grant: «Grant_Date»

Type of Stock Option:

Option Price per Share: \$ _____

Nonqualified (NQSO)

Total number of shares of Common Stock of the Company subject to the Option: «Total_Number_of_Options»

Incentive (ISO)

EXERCISE INFORMATION:

Number of shares of Common Stock of the Company for which the Option is now being exercised [_____]. (These shares are referred to below as the "**Purchased Shares**.")

Total Exercise Price Being Paid for the Purchased Shares: \$ _____

Form of payment enclosed [**check all that apply**]:

Check for \$ _____, payable to "Upwork Inc."

Certificate(s) for _____ shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. [**Requires Company consent.**]

AGREEMENTS, REPRESENTATIONS AND ACKNOWLEDGMENTS OF OPTIONEE: By signing this Stock Option Exercise Notice and Agreement, Optionee hereby agrees with, and represents to, the Company as follows:

- 1. Terms Governing.** I acknowledge and agree with the Company that I am acquiring the Purchased Shares by exercise of this Option subject to all other terms and conditions of the Notice of Stock Option Grant and the Stock Option Agreement that govern the Option, including without limitation the terms of the Company's 2014 Equity Incentive Plan, as it may be amended (the "**Plan**").
- 2. Investment Intent; Securities Law Restrictions.** I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any "distribution" of the Purchased Shares within the meaning of

the Securities Act of 1933, as amended (the “**Securities Act**”). I understand that the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption from such registration requirement and that the Purchased Shares must be held by me indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required. I acknowledge that the Company is under no obligation to register the Purchased Shares under the Securities Act or under any other securities law.

3. **Restrictions on Transfer: Rule 144.** I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder (including Rule 144 under the Securities Act described below “Rule 144”) or of any other applicable securities laws. I am aware of Rule 144, which permits limited public resales of securities acquired in a non-public offering, subject to satisfaction of certain conditions, which include (without limitation) that: (a) certain current public information about the Company is available; (b) the resale occurs only after the holding period required by Rule 144 has been met; (c) the sale occurs through an unsolicited “broker’s transaction”; and (d) the amount of securities being sold during any three-month period does not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company has no plans to satisfy these conditions in the foreseeable future.
4. **Access to Information; Understanding of Risk in Investment.** I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.
5. **Waiver of Statutory Information Rights.** Notwithstanding anything to the contrary herein, I acknowledge and understand that, but for the waiver made herein, I would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company’s stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the Delaware General Corporation Law (any and all such rights, and any and all such other rights as may be provided for in Section 220, the “**Inspection Rights**”). In light of the foregoing, until the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, I hereby unconditionally and irrevocably waive the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenant and agree never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver applies to my Inspection Rights in my capacity as a stockholder and shall not affect any rights of a director, in my capacity as such (if applicable), under Section 220. The foregoing waiver shall not apply to any contractual inspection rights that I may have under any written agreement with the Company.
6. **Rights of First Refusal; Market Stand-off.** I acknowledge that the Purchased Shares remain subject to the Company’s Right of First Refusal and the market stand-off covenants (sometimes referred to as the “lock-up”), all in accordance with the applicable Notice of Stock Option Grant and the Stock Option Agreement that govern the Option.

7. **Form of Ownership.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership of the Purchased Shares that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that is not an eligible revocable trust, I also acknowledge that the transfer will be treated as a “disposition” for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.
8. **Investigation of Tax Consequences.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.
9. **Other Tax Matters.** I agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options (including the Option) are exempt from section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Common Stock at the time the option was granted by the Board. Since shares of the Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Board and/or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.
10. **Spouse Consent.** I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.
11. **Agreement to Enter into Voting Agreement.** Pursuant to the Stock Option Agreement, if requested to do so by the Company, I agree to enter into and execute the then-current Company Voting Agreement concurrently with my exercise of the Option or at any other time I am requested to do so by the Company I acknowledge that by entering into the Voting Agreement I will be subjected to voting and other obligations and covenants regarding all Company shares I own and all other provisions of the Company Voting Agreement, in addition to the right of first refusal and market stand-off provisions described above.
12. **Tax Withholding.** As a condition of exercising this Option, I agree to make adequate provision for foreign, federal, state or other tax withholding obligations, if any, which arise upon the grant, vesting or exercise of this Option, or disposition of the Purchased Shares, whether by withholding, direct payment to the Company, or otherwise.

The undersigned hereby executes and delivers this Stock Option Exercise Notice and Agreement to agrees to be bound by its terms

SIGNATURE:

«OPTIONEE»

DATE:

[Signature Page to Stock Option Exercise Notice and Agreement]

STOCK OPTION AGREEMENT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

This Stock Option Agreement, including any country-specific terms in Annex A hereto (this “**Agreement**”) is made and entered into as of the date of grant (the “**Date of Grant**”) set forth on the Notice of Stock Option Grant attached as the facing page to this Agreement (the “**Grant Notice**”) by and between Upwork Inc. (the “**Company**”), and the optionee named on the Grant Notice (the “**Optionee**”). Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Company’s 2014 Equity Incentive Plan, as amended from time to time (the “**Plan**”), or in the Grant Notice, as applicable.

1. GRANT OF OPTION. The Company hereby grants to Optionee an option (this “**Option**”) to purchase up to the total number of shares of Common Stock of the Company (the “**Common Stock**”) set forth in the Grant Notice as the Shares (the “**Shares**”) at the Exercise Price Per Share set forth in the Grant Notice (the “**Exercise Price**”), subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan. If designated as an Incentive Stock Option in the Grant Notice, then for U.S. taxpayer Optionees, this Option is intended to qualify as an incentive stock option (the “**ISO**”) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “**Code**”).

2. EXERCISE PERIOD.

2.1 Exercise Period of Option. This Option is considered to be “vested” with respect to any particular Shares when this Option is exercisable with respect to such Shares. This Option will become vested during its term as to portions of the Shares in accordance with the Vesting Schedule set forth in the Grant Notice. Notwithstanding any provision in the Plan or this Agreement to the contrary, on or after Optionee’s Termination Date, this Option may not be exercised with respect to any Shares that are Unvested Shares on Optionee’s Termination Date.

2.2 Vesting of Option Shares. Shares with respect to which this Option is vested and exercisable at a given time pursuant to the Vesting Schedule set forth in the Grant Notice are “**Vested Shares**.” Shares with respect to which this Option is not vested and exercisable at a given time pursuant to the Vesting Schedule set forth in the Grant Notice are “**Unvested Shares**.”

2.3 Expiration. The Option shall expire on the Expiration Date set forth in the Grant Notice or earlier as provided in Section 3 below.

3. TERMINATION.

3.1 Termination for Any Reason Except Death, Disability or for Cause. Except as provided in subsection 3.2 in a case in which Optionee dies within three (3) months after Optionee is Terminated other than for Cause, if Optionee is Terminated for any reason (other than Optionee’s death or Disability or for Cause), then this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares, may be exercised by Optionee no later than three (3) months after Optionee’s Termination Date (but in no event may this Option be exercised after the Expiration Date) after which this Option shall expire immediately with respect to all Unvested Shares and any Vested Shares that are not exercised on or prior to the expiration of such post-termination exercise period.

3.2 Termination Because of Death or Disability. If Optionee is Terminated because of Optionee's death or Disability (or if Optionee dies within three (3) months of the date of Optionee's Termination for any reason other than for Cause), then this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares, may be exercised by Optionee (or Optionee's legal representative) no later than (i) in the case of Optionee's death, twelve (12) months after the Optionee's Termination Date or (ii) in the case of Optionee's Disability, six (6) months after the Optionee's Termination Date, but in no event later than the Expiration Date, after which this Option shall expire immediately with respect to all Unvested Shares and any Vested Shares that are not exercised on or prior to the expiration of such post-termination exercise period. Any exercise of this Option beyond (i) three (3) months after the date Optionee ceases to be an employee when Optionee's Termination is for any reason other than Optionee's death or disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

3.3 Termination for Cause. If Optionee is Terminated for Cause, then Optionee may exercise this Option, but only with respect to any Shares that are Vested Shares on Optionee's Termination Date, and this Option shall expire on Optionee's Termination Date, or at such later time and on such conditions as may be affirmatively determined by the Committee. On and after Optionee's Termination Date, this Option shall expire immediately with respect to any Shares that are Unvested Shares and may not be exercised with respect to any Shares that are Unvested Shares on Optionee's Termination Date.

3.4 No Obligation to Employ. Nothing in the Plan or this Agreement shall confer on Optionee any right to continue in the employ of, or other relationship with, the Company or any Parent or Subsidiary of the Company, or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Optionee's employment or other relationship at any time, with or without Cause.

4. MANNER OF EXERCISE.

4.1 Stock Option Exercise Notice and Agreement. To exercise this Option, Optionee (or in the case of exercise after Optionee's death or incapacity, Optionee's executor, administrator, heir or legatee, as the case may be) must deliver to the Company an executed Stock Option Exercise Notice and Agreement in the form attached hereto as **Annex B**, or in such other form as may be approved by the Committee from time to time (the "**Exercise Agreement**") and payment for the Shares being purchased in accordance with this Agreement. The Exercise Agreement shall set forth, among other things, (i) Optionee's election to exercise this Option, (ii) the number of Shares being purchased, (iii) any representations, warranties and agreements regarding Optionee's investment intent and access to information as may be required by the Company to comply with applicable securities laws in connection with any exercise of this Option, (iv) any other agreements required by the Company and (v) Optionee's obligation to execute and deliver certain Stock Powers and Assignments Separate from Stock Certificate to the Company. If someone other than Optionee exercises this Option, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise this Option and such person shall be subject to all of the restrictions contained herein as if such person were Optionee.

4.2 Limitations on Exercise. This Option may not be exercised unless such exercise is in compliance with all applicable federal, state and foreign securities laws, as they are in effect on the date of exercise.

4.3 Payment. The Exercise Agreement shall be accompanied by full payment of the Exercise Price for the shares being purchased in cash (by check or wire transfer), or where permitted by law:

(a) by cancellation of indebtedness of the Company owed to Optionee;

(b) for U.S. taxpayer Optionees, by surrender of shares of the Company that are free and clear of all security interests, pledges, liens, claims or encumbrances and: (i) for which the Company has received "full payment of the purchase price" within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or (ii) that were obtained by Optionee in the public market;

(c) by participating in a formal cashless exercise program implemented by the Committee in connection with the Plan;

(d) provided that a public market for the Common Stock exists, by exercising as set forth below, through a “same day sale” commitment from Optionee and a broker-dealer whereby Optionee irrevocably elects to exercise this Option and to sell a portion of the Shares so purchased sufficient to pay the total Exercise Price, and whereby the broker-dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price directly to the Company;

(e) by any other method of payment approved by the Committee that constitutes legal consideration for the issuance of Shares; or

(f) by any combination of the foregoing.

4.4 Responsibility for Taxes. Notwithstanding any contrary provision of the Agreement, no certificate representing the exercised Shares will be issued to Optionee unless and until satisfactory arrangements (as determined by the Committee) will have been made by Optionee with respect to the payment of Tax-Related Items which the Company or the Parent or Subsidiary employing or retaining Optionee (the “**Employer**”) determines must be withheld with respect to the Option or the Shares. In this regard, Optionee acknowledges and agrees that:

(a) Optionee is ultimately responsible for all Tax-Related Items and Optionee’s liability for Tax-Related Items may exceed the amount withheld by the Company and/or the Employer, if any;

(b) the Company and/or the Employer make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired upon exercise of the Option and the receipt of any dividends;

(c) the Company and/or the Employer do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee’s liability for Tax-Related Items or achieve any particular tax result;

(d) the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction if Optionee is 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; and

(e) the Company may refuse to honor the Option exercise and refuse to deliver any Shares pursuant to such exercise if Optionee fails to make satisfactory arrangements for the payment of any Tax-Related Items hereunder at the time of exercise.

4.5 Withholding of Taxes. Prior to the exercise of the Option, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment obligations of Tax-Related Items of the Company and/or the Employer. In this regard, Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or more of the following methods:

(a) withholding from Optionee's wages or other cash compensation paid to Optionee by the Company and/or the Employer;

(b) withholding from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee's behalf pursuant to this authorization) without further consent from Optionee;

(c) withholding otherwise deliverable Shares with a Fair Market Value equal to the minimum amount of Tax-Related Items that the Company and/or the Employer is required to withhold; and/or

(d) if Optionee is a U.S. taxpayer, by surrender of other shares of Company common stock with a Fair Market Value equal to the amount of any Tax Related Items.

(e) Alternatively, or in addition to the withholding methods in subsections (a)-(d) above, if permissible under applicable laws, the Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Optionee to satisfy his or her obligations for Tax-Related Items, in whole or in part (without limitation) by delivery of cash or check to the Company or the Employer.

(f) Depending on the method of withholding, the Company may withhold or account for Tax-Related Items by considering maximum or minimum applicable rates. If withholding is performed from proceeds from the sale of Shares acquired upon exercise of the Option, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case Optionee will receive a cash refund of any over-withheld amount not remitted to applicable tax authorities on Optionee's behalf and Optionee will have no entitlement to receive the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee is deemed to have been issued the full number of Shares subject to the portion of the Option that was exercised, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

4.6 Issuance of Shares. Provided that the Exercise Agreement and payment are in form and substance satisfactory to counsel for the Company, the Company shall issue the Shares issuable upon a valid exercise of this Option registered in the name of Optionee, Optionee's authorized assignee, or Optionee's legal representative, and shall deliver certificates representing the Shares with the appropriate legends affixed thereto.

5. DATA PRIVACY. Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Optionee's personal data as described in the Agreement and any other Option grant materials ("**Data**") by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan as follows:

5.1 Optionee understands that Data may include certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor.

5.2 Optionee understands that Data may be transferred to a stock plan administrator, trustee, escrow agent, broker or such other administrator as may be selected by the Company now or in the future to assist the Company with the implementation, administration and management of the Plan. Optionee understands that the recipients of Data may be located in the U.S.

or elsewhere, and that a recipient's country of operation (e.g., the U.S.) may have different data privacy laws and protections than Optionee's country. Optionee understands that if he or she resides outside the U.S., he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee authorizes the Company, the administrator and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Optionee's participation in the Plan. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage Optionee's participation in the Plan. Optionee understands that if he or she resides outside the U.S., he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Optionee understands that he or she is providing the consents herein on a purely voluntary basis. If Optionee does not consent, or if Optionee later seeks to revoke his or her consent, his or her position and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing Optionee's consent is that the Company would not be able to grant Optionee options or other Awards or administer or maintain such Awards. Therefore, Optionee understands that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of his or her refusal to consent or withdrawal of consent, Optionee understands that he or she may contact his or her local human resources representative.

6. NATURE OF GRANT. In accepting the Option, Optionee acknowledges, understands and agrees that:

6.1 the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

6.2 all decisions with respect to future option or other grants, if any, will be at the sole discretion of the Company;

6.3 Optionee is voluntarily participating in the Plan;

6.4 the Option and any Shares acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;

6.5 the Option and any Shares acquired under the Plan, and the income and value of the same, are not part of Optionee's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

6.6 the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

6.7 if the underlying Shares do not increase in value, the Option will have no value;

6.8 if Optionee exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

6.9 Unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by the Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

6.10 in addition to subsections 6.1 through 6.10 above, the following provisions will also apply if Optionee resides outside the United States:

(a) none of the Company, the Employer, or any Parent or Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Optionee's local currency and the U.S. dollar that may affect the value of the Option or of any amounts due to Optionee pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise;

(b) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the Termination of Optionee (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Optionee resides, or the terms of Optionee's employment or service agreement, if any), and in consideration of the grant of the Option to which Optionee is otherwise not entitled, Optionee irrevocably agrees never to institute any claim against the Company, the Employer, or any Parent or Subsidiary of the Company, waives his or her ability, if any, to bring any such claim, and releases the Company, the Employer, and any Parent or Subsidiary of the Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

7. COMPLIANCE WITH LAWS AND REGULATIONS. The Plan and this Agreement are intended to comply with Section 25102(o) and Rule 701. Any provision of this Agreement that is inconsistent with Section 25102(o) or Rule 701 shall, without further act or amendment by the Company or the Committee, be reformed to comply with the requirements of Section 25102(o) and/or Rule 701. The exercise of this Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Optionee with all applicable requirements of federal, state and foreign securities and exchange control laws and with all applicable requirements of any stock exchange on which the Common Stock may be listed at the time of such issuance or transfer. Optionee understands that the Company is under no obligation to register or qualify the Shares with the SEC, any state or foreign securities commission or any stock exchange to effect such compliance.

8. NONTRANSFERABILITY OF OPTION. This Option may not be transferred in any manner other than by will or by the laws of descent and distribution, and, with respect to NQSOs, by instrument to a testamentary trust in which the options are to be passed to beneficiaries upon the death of the trustor (settlor) or a revocable trust, or by gift to "immediate family" as that term is defined in 17 C.F.R. 240.16a-1(e), and may be exercised during the lifetime of Optionee only by Optionee or in the event of Optionee's incapacity, by Optionee's legal representative. The terms of this Option shall be binding upon the executors, administrators, successors and assigns of Optionee.

9. RESTRICTIONS ON TRANSFER.

9.1 Restriction on Transfer. Optionee shall not transfer, sell, assign, pledge, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, or otherwise in any manner dispose of or encumber, whether voluntarily or by operation of law, or by gift or otherwise ("**transfer**") Shares issued pursuant to this Agreement or any right or interest therein except in compliance with the provisions of this Agreement, the Plan, the Company's Bylaws, the Company's then current Insider Trading Policy (if any) and applicable securities laws. Optionee shall not transfer any of the Shares which are subject to the Company's Right of First Refusal described below, except as permitted by this Agreement and the Company's Bylaws.

9.2 Transferee Obligations. Each person (other than the Company) to whom the Shares are transferred by means of one of the permitted transfers specified in this Agreement must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Agreement and that the transferred Shares are subject to (i) the Company's Right of First Refusal granted hereunder and (ii) the market stand-off provisions of Section 10 below, to the same extent such Shares would be so subject if retained by Optionee.

10. MARKET STANDOFF AGREEMENT. Optionee agrees that, subject to any early release provisions that apply pro rata to stockholders of the Company according to their holdings of Common Stock (determined on an as-converted into Common Stock basis), Optionee will not, if requested by the managing underwriter(s) in the initial underwritten sale of Common Stock of the Company to the public pursuant to a registration statement filed with, and declared effective by, the SEC under the Securities Act (the "**IPO**"), for a period of up to one hundred eighty (180) days (plus up to an additional thirty five (35) days to the extent reasonably requested by the Company or such underwriter(s) to accommodate regulatory restrictions on the publication or other distribution of research reports or earnings releases by the Company, including NASD and NYSE rules) following the effective date of the registration statement relating to such IPO, directly or indirectly sell, offer to sell, grant any option for the sale of, or otherwise dispose of any Common Stock or securities convertible into Common Stock, except for: (i) transfers of Shares permitted under Section 11 hereof so long as such transferee furnishes to the Company and the managing underwriter their written consent to be bound by this Section 10 as a condition precedent to such transfer; and (ii) sales of any securities to be included in the registration statement for the IPO. For the avoidance of doubt, the provisions of this Section shall only apply to the IPO. The restricted period shall in any event terminate two (2) years after the closing date of the IPO. In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the Shares subject to this Section and to impose stop transfer instructions with respect to the Shares until the end of such period. Optionee further agrees to enter into any agreement reasonably required by the underwriters to implement the foregoing restrictions on transfer. For the avoidance of doubt, the foregoing provisions of this Section shall not apply to any registration of securities of the Company (a) under an employee benefit plan or (b) in a merger, consolidation, business combination or similar transaction.

11. COMPANY'S RIGHT OF FIRST REFUSAL. Before any Shares held by Optionee or any transferee of such Shares may be sold or otherwise transferred (including, without limitation, a transfer by gift or operation of law), the Company and/or its assignee(s) will have a right of first refusal to purchase the Shares to be sold or transferred on the terms and conditions set forth in the Company's Bylaws (the "**Right of First Refusal**").

12. RIGHTS AS A STOCKHOLDER. Optionee shall not have any of the rights of a stockholder with respect to any Shares unless and until such Shares are issued to Optionee. Subject to the terms and conditions of this Agreement, Optionee will have all of the rights of a stockholder of the Company with respect to the Shares from and after the date that Shares are issued to Optionee pursuant to, and in accordance with, the terms of the Exercise Agreement until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercise(s) the Right of First Refusal. Upon an exercise of the Right of First Refusal, Optionee will have no further rights as a holder of the Shares so purchased upon such exercise, other than the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee will promptly surrender the stock certificate(s) evidencing the Shares so purchased to the Company for transfer or cancellation.

13. ESCROW. As security for Optionee's faithful performance of this Agreement, Optionee agrees, immediately upon receipt of the stock certificate(s) evidencing the Shares, to deliver such certificate(s), together with two (2) copies of a blank Stock Power and Assignment Separate from Stock Certificate in the form attached to the Exercise Agreement (the "**Stock Powers**"), both executed by Purchaser (and Purchaser's spouse, if any) (with the transferee, certificate number, date and number of Shares left blank), to the Secretary of the Company or other designee of the Company (the "**Escrow Holder**"), who is hereby appointed to hold such certificate(s) and Stock Powers in escrow and to take all

such actions and to effectuate all such transfers and/or releases of such Shares as are in accordance with the terms of this Agreement. Optionee and the Company agree that Escrow Holder will not be liable to any party to this Agreement (or to any other party) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Agreement. Escrow Holder may rely upon any letter, notice or other document executed with any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Agreement and will not be liable for any act or omission taken by Escrow Holder in good faith reliance on such documents, the advice of counsel or a court order. The Shares will be released from escrow upon termination of the Right of First Refusal.

14. COMPANY VOTING AGREEMENT. As a material inducement and consideration for the Company to enter into this Agreement, Optionee hereby agrees that if, the Company requests Optionee to enter into and become a party to the Company Voting Agreement (pursuant to which Optionee would agree to vote all shares of Company stock held by Optionee for the election of directors and in favor of certain material transactions (such as mergers or sales of the Company) and otherwise vote in accordance with the terms thereof), then Optionee will enter into such agreements and execute and deliver signature pages thereto (as requested by the Company) in such capacities as the Company requests, at the time of exercising this Option and as a condition to such exercise or at any later time.

15. RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS.

15.1 Legends. Optionee understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Shares, together with any other legends that may be required by state, foreign or U.S. Federal securities laws, the Company's Certificate of Incorporation or Bylaws, any other agreement between Optionee and the Company, or any agreement between Optionee and any third party (and any other legend(s) that the Company may become obligated to place on the stock certificate(s) evidencing the Shares under the terms of any agreement to which the Company is or may become bound or obligated):

(a) THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES OR COUNTRIES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE OR NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE OR NON-U.S. SECURITIES LAWS.

(b) THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER, INCLUDING THE RIGHT OF FIRST REFUSAL HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S) AS SET FORTH IN A STOCK OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH SALE AND TRANSFER RESTRICTIONS, INCLUDING THE RIGHT OF FIRST REFUSAL, ARE BINDING ON TRANSFEREES OF THESE SHARES.

(c) THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A MARKET STANDOFF RESTRICTION AS SET FORTH IN A CERTAIN STOCK OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER.

AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED PRIOR TO 180 DAYS (AND POSSIBLY LONGER) AFTER THE EFFECTIVE DATE OF CERTAIN PUBLIC OFFERINGS OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

Optionee agrees that if Optionee becomes a party to (A) the Company's Amended and Restated Voting Agreement dated as of December 17, 2013 among the Company and certain stockholders and other investors in the Company, as such may be amended and/or restated from time to time and/or (B) any other voting agreement that is a successor to or replacement of such Voting Agreement (collectively, the "**Company Voting Agreement**") then Optionee agrees that the stock certificate(s) evidencing the Shares shall, in addition, bear any legends required under the Company Voting Agreement.

15.2 Stop-Transfer Instructions. Optionee agrees that, to ensure compliance with the restrictions imposed by this Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

15.3 Refusal to Transfer. The Company will 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 have been so transferred.

16. CERTAIN TAX CONSEQUENCES. Set forth below is a brief summary as of the Effective Date of the Plan of some of the U.S. federal tax consequences of exercise of the Option and disposition of the Shares for U.S. taxpayer Optionees. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. IT DOES NOT ADDRESS THE NON-U.S. TAX CONSEQUENCES FOR OPTIONEES RESIDING OUTSIDE THE U.S. OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

16.1 Exercise of ISO. If the Option qualifies as an ISO, for U.S. taxpayers, there will be no regular U.S. federal income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for federal alternative minimum tax purposes and may subject the Optionee to the alternative minimum tax in the year of exercise.

16.2 Exercise of Nonqualified Stock Option. If the Option does not qualify as an ISO, there may be a regular U.S. federal income tax liability upon the exercise of the Option for U.S. taxpayers. Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If Optionee is a current or former employee of the Company or its Parent or Subsidiary, the Company or the Parent or Subsidiary, as applicable, may be required to withhold from Optionee's compensation or collect from Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

16.3 Disposition of Shares. The following tax consequences may apply to U.S. taxpayers upon disposition of the Shares.

(a) **Incentive Stock Options.** If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant, any gain realized on disposition of the Shares will be treated as long term capital gain for U.S. federal income tax purposes. If Shares purchased under an ISO are disposed of within the applicable one (1) year or two (2) year period, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates in the year of the disposition) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise (or, if less, the amount realized on the disposition of the Shares) over the Exercise Price. Any further gain (or loss) realized will be taxed as short-term or long-term capital gain (or loss), as the case may be, depending on whether the Shares are held for more than twelve (12) months after the date of exercise.

(b) Nonqualified Stock Options. If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as long term capital gain.

17. GENERAL PROVISIONS

17.1 Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Optionee.

17.2 Entire Agreement. The Plan, the Grant Notice and the Exercise Agreement are each incorporated herein by reference. This Agreement, the Grant Notice, the Plan and the Exercise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior undertakings and agreements with respect to such subject matter.

18. NOTICES. Any and all notices required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed to provide such party sufficient notice under this Agreement on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) at the time an electronic confirmation of receipt is received, if delivery is by email; (iii) at the time of transmission by facsimile, addressed to the other party at its facsimile number specified herein (or hereafter modified by subsequent notice to the parties hereto), with confirmation of receipt made by both telephone and printed confirmation sheet verifying successful transmission of the facsimile; (iv) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (v) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. Any notice for delivery outside the United States will be sent by email, facsimile or by express courier. Any notice not delivered personally or by email will be sent with postage and/or other charges prepaid and properly addressed to Optionee at the last known address or facsimile number on the books of the Company, or at such other address or facsimile number as such other party may designate by one of the indicated means of notice herein to the other parties hereto or, in the case of the Company, to it at its principal place of business. Notices to the Company will be marked "Attention: Chief Financial Officer." Notices by facsimile shall be machine verified as received.

19. LANGUAGE. If Optionee has received the Agreement or any other document related to the Option or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

20. ANNEX A. Notwithstanding any provision of the Agreement, the Option grant shall be subject to any additional terms and conditions for Optionee's country set forth in the Annex A. Moreover, if Optionee relocates to one of the countries included in the Annex A, the terms and conditions for such country will apply to Optionee to the extent the Company determines that the application of such terms and conditions to Optionee is necessary or advisable for legal or administrative reasons. The Annex A constitutes part of the Agreement.

21. SUCCESSORS AND ASSIGNS. The Company may assign any of its rights under this Agreement including its rights to purchase Shares under the Right of First Refusal. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

22. GOVERNING LAW AND VENUE. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to that body of laws pertaining to conflict of laws. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable. For purposes of litigating any dispute that arises under the Option or Agreement, the parties submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the U.S. federal courts for the Northern District of California and no other courts, where the Option is made and/or to be performed.

23. FURTHER ASSURANCES. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

24. TITLES AND HEADINGS. The titles, captions and headings of this Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Agreement. Unless otherwise specifically stated, all references herein to "sections" and "exhibits" will mean "sections" and "exhibits" to this Agreement.

25. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement.

26. SEVERABILITY. If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement. Notwithstanding the forgoing, if the value of this Agreement based upon the substantial benefit of the bargain for any party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

* * * * *

Attachment: Annex A: Country Annex to Stock Option Agreement

Annex B: Form of Stock Option Exercise Notice and Agreement

ANNEX A

COUNTRY ANNEX TO STOCK OPTION AGREEMENT

Terms and Conditions

This Annex A includes additional terms and conditions that govern Optionee's participation in the Plan if Optionee works and/or resides in one of the countries listed below. If Optionee is a citizen or resident of a country other than the one in which Optionee is currently working (or is considered as such for local law purposes), or Optionee transfers employment or residence to a different country after the Option is granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will apply to Optionee.

Capitalized terms used but not defined in this Annex A shall have the same meanings assigned to them in the Plan or the Agreement.

Notifications

This Annex A also includes information regarding certain other issues of which Optionee should be aware with respect to Optionee's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2014. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Optionee not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out-of-date at the time Optionee exercises the Option or sells any Shares acquired upon such exercise.

In addition, the information contained herein is general in nature and may not apply to Optionee's particular situation and the Company is not in a position to assure Optionee of any particular result. Accordingly, Optionee is advised to seek appropriate professional advice as to how the relevant laws in Optionee's country may apply to his or her individual situation.

If Optionee is a citizen or resident of a country other than the one in which Optionee is currently working (or is considered as such for local law purposes), or if Optionee relocates to a different country after the Option is granted, the notifications contained in this Annex A may not be applicable to Optionee in the same manner.

NORWAY

There are no country-specific provisions.

ANNEX B

FORM OF STOCK OPTION EXERCISE NOTICE AND AGREEMENT

STOCK OPTION EXERCISE NOTICE AND AGREEMENT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

***NOTE:** You must sign this Notice on Page 3 before submitting it to Upwork Inc. (the "Company") AND, if requested to do so by the Company, you must also sign the signature page to the Company's then-current Company Voting Agreement (as defined in the Stock Option Agreement) before submitting this Notice to the Company.

OPTIONEE INFORMATION: Please provide the following information about yourself ("Optionee"):

Name: «Optionee» _____

Address: _____

OPTION INFORMATION: Please provide this information on the option being exercised (the "Option"):

Grant No. «No»

Date of Grant: «Grant_Date»

Option Price per Share: \$_____

Total number of shares of Common Stock of the Company subject to the Option: «Total_Number_of_Options»

Type of Stock Option:

Nonqualified (NQSO)

Incentive (ISO)

EXERCISE INFORMATION:

Number of shares of Common Stock of the Company for which the Option is now being exercised [_____]. (These shares are referred to below as the "**Purchased Shares**.")

Total Exercise Price Being Paid for the Purchased Shares: \$_____

Form of payment enclosed [**check all that apply**]:

Check for \$_____, payable to "Upwork Inc."

Certificate(s) for _____ shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. [**Requires Company consent.**]

AGREEMENTS, REPRESENTATIONS AND ACKNOWLEDGMENTS OF OPTIONEE: By signing this Stock Option Exercise Notice and Agreement, Optionee hereby agrees with, and represents to, the Company as follows:

- 1. Terms Governing.** I acknowledge and agree with the Company that I am acquiring the Purchased Shares by exercise of this Option subject to all other terms and conditions of the Notice of Stock Option Grant and the Stock Option Agreement that govern the Option, including without limitation the terms of the Company's 2014 Equity Incentive Plan, as it may be amended (the "**Plan**").
- 2. Investment Intent; Securities Law Restrictions.** I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any "distribution" of the Purchased Shares within the meaning of

the Securities Act of 1933, as amended (the “**Securities Act**”). I understand that the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption from such registration requirement and that the Purchased Shares must be held by me indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required. I acknowledge that the Company is under no obligation to register the Purchased Shares under the Securities Act or under any other securities law.

3. **Restrictions on Transfer: Rule 144.** I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder (including Rule 144 under the Securities Act described below “Rule 144”) or of any other applicable securities laws. I am aware of Rule 144, which permits limited public resales of securities acquired in a non-public offering, subject to satisfaction of certain conditions, which include (without limitation) that: (a) certain current public information about the Company is available; (b) the resale occurs only after the holding period required by Rule 144 has been met; (c) the sale occurs through an unsolicited “broker’s transaction”; and (d) the amount of securities being sold during any three-month period does not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company has no plans to satisfy these conditions in the foreseeable future.
4. **Access to Information; Understanding of Risk in Investment.** I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.
5. **Waiver of Statutory Information Rights.** Notwithstanding anything to the contrary herein, I acknowledge and understand that, but for the waiver made herein, I would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company’s stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the Delaware General Corporation Law (any and all such rights, and any and all such other rights as may be provided for in Section 220, the “**Inspection Rights**”). In light of the foregoing, until the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, I hereby unconditionally and irrevocably waive the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenant and agree never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver applies to my Inspection Rights in my capacity as a stockholder and shall not affect any rights of a director, in my capacity as such (if applicable), under Section 220. The foregoing waiver shall not apply to any contractual inspection rights that I may have under any written agreement with the Company.
6. **Rights of First Refusal; Market Stand-off.** I acknowledge that the Purchased Shares remain subject to the Company’s Right of First Refusal and the market stand-off covenants (sometimes referred to as the “lock-up”), all in accordance with the applicable Notice of Stock Option Grant and the Stock Option Agreement that govern the Option.

7. **Form of Ownership.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership of the Purchased Shares that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that is not an eligible revocable trust, I also acknowledge that the transfer will be treated as a “disposition” for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.
8. **Investigation of Tax Consequences.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.
9. **Other Tax Matters.** I agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options (including the Option) are exempt from section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Common Stock at the time the option was granted by the Board. Since shares of the Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Board and/or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.
10. **Spouse Consent.** I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.
11. **Agreement to Enter into Voting Agreement.** Pursuant to the Stock Option Agreement, if requested to do so by the Company, I agree to enter into and execute the then-current Company Voting Agreement concurrently with my exercise of the Option or at any other time I am requested to do so by the Company I acknowledge that by entering into the Voting Agreement I will be subjected to voting and other obligations and covenants regarding all Company shares I own and all other provisions of the Company Voting Agreement, in addition to the right of first refusal and market stand-off provisions described above.
12. **Tax Withholding.** As a condition of exercising this Option, I agree to make adequate provision for foreign, federal, state or other tax withholding obligations, if any, which arise upon the grant, vesting or exercise of this Option, or disposition of the Purchased Shares, whether by withholding, direct payment to the Company, or otherwise.

The undersigned hereby executes and delivers this Stock Option Exercise Notice and Agreement to agrees to be bound by its terms

SIGNATURE:
«OPTIONEE»

DATE:

[Signature Page to Stock Option Exercise Notice and Agreement]

NOTICE OF STOCK OPTION GRANT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

The Optionee named below (“**Optionee**”) has been granted an option (this “**Option**”) to purchase shares of Common Stock (the “**Common Stock**”) of Upwork Inc. (the “**Company**”), pursuant to the Company’s 2014 Equity Incentive Plan, as amended from time to time (the “**Plan**”) on the terms, and subject to the conditions, described below and in the Stock Option Agreement attached hereto as **Exhibit A**, including its annexes (the “**Stock Option Agreement**”).

Optionee: «Optionee»

Maximum Number of Shares Subject to this Option (the “Shares”): «Total_Number_of_Options»

Exercise Price Per Share: \$___ per share

Date of Grant: «Grant_Date»

Vesting Start Date: «Vesting_Start_Date»

Exercise Schedule: This Option is immediately exercisable for all of the Shares, subject to the terms of the Stock Option Agreement

Expiration Date: The date ten (10) years after the Date of Grant set forth above, subject to earlier expiration in the event of Termination as provided in Section 3 of the Stock Option Agreement.

Tax Status of Option: Incentive Stock Option (To the fullest extent permitted by the Code)
(Check Only One Box): Nonqualified Stock Option.
(If neither box is checked, this Option is a Nonqualified Stock Option).

Vesting Schedule [EXAMPLE ONLY]: For so long as Optionee continuously provides services to the Company (or any Subsidiary or Parent of the Company) as an employee, officer, director, contractor or consultant and has not been Terminated, the Shares subject to this Option will vest as follows: (a) prior to the first one (1) year anniversary of the Vesting Start Date, none of the Shares will be vested; (b) [1/4th] of the Shares will be vested on the one (1) year anniversary of the Vesting Start Date; and (c) thereafter, an additional [1/48th] of the Shares when Optionee completes each month of continuous service following the first one (1) year anniversary of the Vesting Start Date.

General; Agreement: By their signatures below, Optionee and the Company agree that this Option is granted under and governed by this Notice of Stock Option Grant (this “**Grant Notice**”) and by the provisions of the Plan and the Stock Option Agreement. The Plan and the Stock Option Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or in the Stock Option Agreement, as applicable. By signing below, Optionee acknowledges receipt of a copy of this Grant Notice, the Plan and the Stock Option Agreement, represents that Optionee has carefully read and is familiar with their provisions, and hereby accepts the Option subject to all of their respective terms and conditions. Optionee acknowledges that there may be adverse Tax-Related Items consequences with respect to the Option or the Shares and that Optionee should consult a tax adviser prior to exercise of the Option or disposition of the Shares. Optionee agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Optionee’s service status changes between full and part time status in accordance with Company policies relating to work schedules and vesting of equity awards.

Execution and Delivery: This Grant Notice may be executed and delivered electronically whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By Optionee’s acceptance hereof (whether written, electronic or otherwise), Optionee agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, Optionee accepts the electronic delivery of any documents that the Company (or any third party the Company may designate), may deliver in connection with this grant (including the Plan, this Grant Notice, the Stock Option Agreement, the information described in Rules 701(e)(2), (3), (4) and (5) under the Securities Act (the “**701 Disclosures**”), account statements, or other communications or information) whether via the Company’s intranet or the Internet site of such third party or via email or such other means of electronic delivery specified by the Company.

Upwork Inc.

By /Signature: _____

Optionee Signature: _____

Typed Name: _____

Optionee’s Name: «Optionee»

Title: _____

ATTACHMENT:

Exhibit A – Stock Option Agreement

Exhibit A

Stock Option Agreement

STOCK OPTION AGREEMENT**UPWORK INC.****2014 EQUITY INCENTIVE PLAN**

This Stock Option Agreement, including any country-specific terms in **Annex A** hereto (this “**Agreement**”) is made and entered into as of the date of grant (the “**Date of Grant**”) set forth on the Notice of Stock Option Grant attached as the facing page to this Agreement (the “**Grant Notice**”) by and between Upwork Inc. (the “**Company**”), and the optionee named on the Grant Notice (the “**Optionee**”). Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Company’s 2014 Equity Incentive Plan, as amended from time to time (the “**Plan**”), or in the Grant Notice, as applicable.

1. GRANT OF OPTION. The Company hereby grants to Optionee an option (this “**Option**”) to purchase up to the total number of shares of Common Stock of the Company (the “**Common Stock**”) set forth in the Grant Notice as the Shares (the “**Shares**”) at the Exercise Price Per Share set forth in the Grant Notice (the “**Exercise Price**”), subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan. If designated as an Incentive Stock Option in the Grant Notice, then for U.S. taxpayer Optionees, this Option is intended to qualify as an incentive stock option (the “**ISO**”) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “**Code**”).

2. EXERCISE PERIOD.

2.1. Exercise Period of Option. Subject to the conditions set forth in this Agreement, all or part of this Option may be exercised at any time after the Date of Grant. Shares purchased by exercising this Option may be subject to the Repurchase Option as set forth in Section 9 below. This Option will become vested during its term as to portions of the Shares in accordance with the Vesting Schedule set forth in the Grant Notice. Notwithstanding any provision in the Plan or this Agreement to the contrary, on or after Optionee’s Termination Date, this Option may not be exercised with respect to any Shares that are Unvested Shares on Optionee’s Termination Date.

2.2. Vesting of Option Shares. Shares with respect to which this Option is vested and exercisable at a given time pursuant to the Vesting Schedule set forth in the Grant Notice are “**Vested Shares**.” Shares with respect to which this Option is not vested at a given time pursuant to the Vesting Schedule set forth in the Grant Notice are “**Unvested Shares**.”

2.3. Expiration. The Option shall expire on the Expiration Date set forth in the Grant Notice or earlier as provided in Section 3 below.

3. TERMINATION.

3.1. Termination for Any Reason Except Death, Disability or Cause. Except as provided in subsection 3.2 in a case in which Optionee dies within three (3) months after Optionee is Terminated other than for Cause, if Optionee is Terminated for any reason (other than Optionee’s death or Disability or for Cause), then this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares, may be exercised by Optionee no later than three (3) months after Optionee’s Termination Date (but in no event may this Option be exercised after the Expiration Date) after which this Option shall expire immediately with respect to all Unvested Shares and any Vested Shares that are not exercised on or prior to the expiration of such post-termination exercise period.

3.2. Termination Because of Death or Disability. If Optionee is Terminated because of Optionee's death or Disability (or if Optionee dies within three (3) months of the date of Optionee's Termination for any reason other than for Cause), then this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares, may be exercised by Optionee (or Optionee's legal representative) no later than (i) in the case of Optionee's death, twelve (12) months after the Optionee's Termination Date or (ii) in the case of Optionee's Disability, six (6) months after the Optionee's Termination Date, but in no event later than the Expiration Date, after which this Option shall expire immediately with respect to all Unvested Shares and any Vested Shares that are not exercised on or prior to the expiration of such post-termination exercise period. Any exercise of this Option beyond (i) three (3) months after the date Optionee ceases to be an employee when Optionee's Termination is for any reason other than Optionee's death or disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

3.3. Termination for Cause. If Optionee is Terminated for Cause, then Optionee may exercise this Option, but only with respect to any Shares that are Vested Shares on Optionee's Termination Date, and this Option shall expire on Optionee's Termination Date, or at such later time and on such conditions as may be affirmatively determined by the Committee. On and after Optionee's Termination Date, this Option shall expire immediately with respect to any Shares that are Unvested Shares and may not be exercised with respect to any Shares that are Unvested Shares on Optionee's Termination Date.

3.4. No Obligation to Employ. Nothing in the Plan or this Agreement shall confer on Optionee any right to continue in the employ of, or other relationship with, the Company or any Parent or Subsidiary of the Company, or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Optionee's employment or other relationship at any time, with or without Cause.

4. MANNER OF EXERCISE.

4.1. Stock Option Exercise Notice and Agreement. To exercise this Option, Optionee (or in the case of exercise after Optionee's death or incapacity, Optionee's executor, administrator, heir or legatee, as the case may be) must deliver to the Company an executed Stock Option Exercise Notice and Agreement in the form attached hereto as **Annex B**, or in such other form as may be approved by the Committee from time to time (the "**Exercise Agreement**") and payment for the Shares being purchased in accordance with this Agreement. The Exercise Agreement shall set forth, among other things, (i) Optionee's election to exercise this Option, (ii) the number of Shares being purchased, (iii) any representations, warranties and agreements regarding Optionee's investment intent and access to information as may be required by the Company to comply with applicable securities laws in connection with any exercise of this Option, (iv) any other agreements required by the Company and (v) Optionee's obligation to execute and deliver certain Stock Powers and Assignments Separate from Stock Certificate to the Company. If someone other than Optionee exercises this Option, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise this Option and such person shall be subject to all of the restrictions contained herein as if such person were Optionee.

4.2. Limitations on Exercise. This Option may not be exercised unless such exercise is in compliance with all applicable federal, state and foreign securities laws, as they are in effect on the date of exercise.

4.3. Payment. The Exercise Agreement shall be accompanied by full payment of the Exercise Price for the shares being purchased in cash (by check or wire transfer), or where permitted by law:

(a) by cancellation of indebtedness of the Company owed to Optionee;

(b) for U.S. taxpayer Optionees, by surrender of shares of the Company that are free and clear of all security interests, pledges, liens, claims or encumbrances and: (i) for which the Company has received "full payment of the purchase price" within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or (ii) that were obtained by Optionee in the public market;

(c) by participating in a formal cashless exercise program implemented by the Committee in connection with the Plan;

(d) provided that a public market for the Common Stock exists, by exercising as set forth below, through a “same day sale” commitment from Optionee and a broker-dealer whereby Optionee irrevocably elects to exercise this Option and to sell a portion of the Shares so purchased sufficient to pay the total Exercise Price, and whereby the broker-dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price directly to the Company;

(e) by any other method of payment approved by the Committee that constitutes legal consideration for the issuance of Shares; or

(f) by any combination of the foregoing.

4.4. Responsibility for Taxes. Notwithstanding any contrary provision of the Agreement, no certificate representing the exercised Shares will be issued to Optionee unless and until satisfactory arrangements (as determined by the Committee) will have been made by Optionee with respect to the payment of Tax-Related Items which the Company or the Parent or Subsidiary employing or retaining Optionee (the “**Employer**”) determines must be withheld with respect to the Option or the Shares. In this regard, Optionee acknowledges and agrees that:

(a) Optionee is ultimately responsible for all Tax-Related Items and Optionee’s liability for Tax-Related Items may exceed the amount withheld by the Company and/or the Employer, if any;

(b) the Company and/or the Employer make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired upon exercise of the Option and the receipt of any dividends;

(c) the Company and/or the Employer do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee’s liability for Tax-Related Items or achieve any particular tax result;

(d) the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction if Optionee is 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; and

(e) the Company may refuse to honor the Option exercise and refuse to deliver any Shares pursuant to such exercise if Optionee fails to make satisfactory arrangements for the payment of any Tax-Related Items hereunder at the time of exercise.

4.5. Withholding of Taxes. Prior to the exercise of the Option, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment obligations of Tax-Related Items of the Company and/or the Employer. In this regard, Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or more of the following methods:

(a) withholding from Optionee's wages or other cash compensation paid to Optionee by the Company and/or the Employer;

(b) withholding from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee's behalf pursuant to this authorization) without further consent from Optionee;

(c) withholding otherwise deliverable Shares with a Fair Market Value equal to the minimum amount of Tax-Related Items that the Company and/or the Employer is required to withhold; and/or

(d) if Optionee is a U.S. taxpayer, by surrender of other shares of Company common stock with a Fair Market Value equal to the amount of any Tax Related Items.

(e) Alternatively, or in addition to the withholding methods in subsections (a)-(d) above, if permissible under applicable laws, the Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Optionee to satisfy his or her obligations for Tax-Related Items, in whole or in part (without limitation) by delivery of cash or check to the Company or the Employer.

(f) Depending on the method of withholding, the Company may withhold or account for Tax-Related Items by considering maximum or minimum applicable rates. If withholding is performed from proceeds from the sale of Shares acquired upon exercise of the Option, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case Optionee will receive a cash refund of any over-withheld amount not remitted to applicable tax authorities on Optionee's behalf and Optionee will have no entitlement to receive the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee is deemed to have been issued the full number of Shares subject to the portion of the Option that was exercised, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

4.6. Issuance of Shares. Provided that the Exercise Agreement and payment are in form and substance satisfactory to counsel for the Company, the Company shall issue the Shares issuable upon a valid exercise of this Option registered in the name of Optionee, Optionee's authorized assignee, or Optionee's legal representative, and shall deliver certificates representing the Shares with the appropriate legends affixed thereto.

5. DATA PRIVACY. Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Optionee's personal data as described in the Agreement and any other Option grant materials ("**Data**") by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan as follows:

Optionee understands that Data may include certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor.

Optionee understands that Data may be transferred to a stock plan administrator, trustee, escrow agent, broker or such other administrator as may be selected by the Company now or in the future to assist the Company with the implementation, administration and management of the Plan. Optionee understands that the recipients of Data may be located in the U.S. or elsewhere, and

that a recipient's country of operation (e.g., the U.S.) may have different data privacy laws and protections than Optionee's country. Optionee understands that if he or she resides outside the U.S., he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee authorizes the Company, the administrator and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Optionee's participation in the Plan. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage Optionee's participation in the Plan. Optionee understands that if he or she resides outside the U.S., he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Optionee understands that he or she is providing the consents herein on a purely voluntary basis. If Optionee does not consent, or if Optionee later seeks to revoke his or her consent, his or her position and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing Optionee's consent is that the Company would not be able to grant Optionee options or other Awards or administer or maintain such Awards. Therefore, Optionee understands that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of his or her refusal to consent or withdrawal of consent, Optionee understands that he or she may contact his or her local human resources representative.

6. NATURE OF GRANT. In accepting the Option, Optionee acknowledges, understands and agrees that:

6.1. the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

6.2. all decisions with respect to future option or other grants, if any, will be at the sole discretion of the Company;

6.3. Optionee is voluntarily participating in the Plan;

6.4. the Option and any Shares acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;

6.5. the Option and any Shares acquired under the Plan, and the income and value of the same, are not part of Optionee's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

6.6. the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

6.7. if the underlying Shares do not increase in value, the Option will have no value;

6.8. if Optionee exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

6.9. Unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by the Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

6.10. in addition to subsections 6.1 through 6.10 above, the following provisions will also apply if Optionee resides outside the United States:

(a) none of the Company, the Employer, or any Parent or Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Optionee's local currency and the U.S. dollar that may affect the value of the Option or of any amounts due to Optionee pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise;

(b) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the Termination of Optionee (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Optionee resides, or the terms of Optionee's employment or service agreement, if any), and in consideration of the grant of the Option to which Optionee is otherwise not entitled, Optionee irrevocably agrees never to institute any claim against the Company, the Employer, or any Parent or Subsidiary of the Company, waives his or her ability, if any, to bring any such claim, and releases the Company, the Employer, and any Parent or Subsidiary of the Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

7. COMPLIANCE WITH LAWS AND REGULATIONS. The Plan and this Agreement are intended to comply with Section 25102(o) and Rule 701. Any provision of this Agreement that is inconsistent with Section 25102(o) or Rule 701 shall, without further act or amendment by the Company or the Committee, be reformed to comply with the requirements of Section 25102(o) and/or Rule 701. The exercise of this Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Optionee with all applicable requirements of federal, state and foreign securities and exchange control laws and with all applicable requirements of any stock exchange on which the Common Stock may be listed at the time of such issuance or transfer. Optionee understands that the Company is under no obligation to register or qualify the Shares with the SEC, any state or foreign securities commission or any stock exchange to effect such compliance.

8. NONTRANSFERABILITY OF OPTION. This Option may not be transferred in any manner other than by will or by the laws of descent and distribution, and, with respect to NQSOs, by instrument to a testamentary trust in which the options are to be passed to beneficiaries upon the death of the trustor (settlor) or a revocable trust, or by gift to "immediate family" as that term is defined in 17 C.F.R. 240.16a-1(e), and may be exercised during the lifetime of Optionee only by Optionee or in the event of Optionee's incapacity, by Optionee's legal representative. The terms of this Option shall be binding upon the executors, administrators, successors and assigns of Optionee.

9. COMPANY'S REPURCHASE OPTION FOR UNVESTED SHARES. If Optionee is Terminated for any reason, or no reason, including without limitation, Optionee's death, Disability, voluntary resignation or termination by the Company with or without Cause and Optionee has acquired Unvested Shares by exercising this Option, then the Company and/or its assignee(s) shall have the option to repurchase all or a portion of Optionee's Unvested Shares (as defined in Section 2.2 of this Agreement) as of the Termination Date on the terms and conditions set forth in this Section 9 (the "**Repurchase Option**").

9.1. Termination and Termination Date. In case of any dispute as to whether Optionee is Terminated, the Committee shall have discretion to determine whether Optionee has been Terminated and the effective date of such Termination (the "**Termination Date**").

9.2. Exercise of Repurchase Option. Subject to the foregoing provisions of this Section, at any time within ninety (90) days after Optionee's Termination Date, the Company and/or its assignee(s), may elect to repurchase any or all of Optionee's Unvested Shares by giving Optionee written notice of exercise of the Repurchase Option.

9.3. Calculation of Repurchase Price for Unvested Shares. The Company or its assignee shall have the option to repurchase from Optionee (or from Optionee's personal representative as the case may be) the Unvested Shares at the lower of (i) the Fair Market Value (as defined in the Plan) per Share of such Shares on the Termination Date or (ii) Optionee's Exercise Price, as such may be proportionately adjusted for any stock split or similar change in the capital structure of the Company as set forth in Section 2.2 of the Plan (the "**Repurchase Price**").

9.4. Payment of Repurchase Price. The Repurchase Price shall be payable, at the option of the Company or its assignee, by check or by cancellation of all or a portion of any outstanding indebtedness owed by Optionee to the Company and/or such assignee, or by any combination thereof. The Repurchase Price shall be paid without interest within the term of the Repurchase Option as described in Section 9.2.

9.5. Right of Termination Unaffected. Nothing in this Agreement shall be construed to limit or otherwise affect in any manner whatsoever the right or power of the Company (or any Parent or Subsidiary of the Company) to terminate Optionee's employment or other relationship with Company (or any Parent or Subsidiary of the Company) at any time, for any reason or no reason, with or without Cause.

10. RESTRICTIONS ON TRANSFER.

10.1. Restriction on Transfer. Optionee shall not transfer, sell, assign, pledge, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, or otherwise in any manner dispose of or encumber, whether voluntarily or by operation of law, or by gift or otherwise ("**transfer**") Shares issued pursuant to this Agreement or any right or interest therein except in compliance with the provisions of this Agreement, the Plan, the Company's Bylaws, the Company's then current Insider Trading Policy (if any) and applicable securities laws. Optionee shall not transfer any of the Shares which are subject to the Company's Repurchase Option or the Company's Right of First Refusal described below, except as permitted by this Agreement and the Company's Bylaws.

10.2. Transferee Obligations. Each person (other than the Company) to whom the Shares are transferred by means of one of the permitted transfers specified in this Agreement must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Agreement and that the transferred Shares are subject to (i) both the Company's Repurchase Option and the Company's Right of First Refusal granted hereunder and (ii) the market stand-off provisions of Section 11 below, to the same extent such Shares would be so subject if retained by Optionee.

11. MARKET STANDOFF AGREEMENT. Optionee agrees that, subject to any early release provisions that apply pro rata to stockholders of the Company according to their holdings of Common Stock (determined on an as-converted into Common Stock basis), Optionee will not, if requested by the managing underwriter(s) in the initial underwritten sale of Common Stock of the Company to the public pursuant to a registration statement filed with, and declared effective by, the SEC under the Securities Act (the "**IPO**"), for a period of up to one hundred eighty (180) days (plus up to an additional thirty five (35) days to the extent reasonably requested by the Company or such underwriter(s) to accommodate

regulatory restrictions on the publication or other distribution of research reports or earnings releases by the Company, including NASD and NYSE rules) following the effective date of the registration statement relating to such IPO, directly or indirectly sell, offer to sell, grant any option for the sale of, or otherwise dispose of any Common Stock or securities convertible into Common Stock, except for: (i) transfers of Shares permitted under Section 12 hereof so long as such transferee furnishes to the Company and the managing underwriter their written consent to be bound by this Section 11 as a condition precedent to such transfer; and (ii) sales of any securities to be included in the registration statement for the IPO. For the avoidance of doubt, the provisions of this Section shall only apply to the IPO. The restricted period shall in any event terminate two (2) years after the closing date of the IPO. In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the Shares subject to this Section and to impose stop transfer instructions with respect to the Shares until the end of such period. Optionee further agrees to enter into any agreement reasonably required by the underwriters to implement the foregoing restrictions on transfer. For the avoidance of doubt, the foregoing provisions of this Section shall not apply to any registration of securities of the Company (a) under an employee benefit plan or (b) in a merger, consolidation, business combination or similar transaction.

12. COMPANY'S RIGHT OF FIRST REFUSAL. Unvested Shares may not be sold or otherwise transferred, or pledged by Optionee or made subject to a security interest, pledge or other lien without the Company's prior written consent, which may be withheld in the Company's sole and absolute discretion. Before any Vested Shares held by Optionee or any transferee of such Shares may be sold or otherwise transferred (including, without limitation, a transfer by gift or operation of law), the Company and/or its assignee(s) will have a right of first refusal to purchase the Shares to be sold or transferred on the terms and conditions set forth in the Company's Bylaws (the "**Right of First Refusal**").

13. RIGHTS AS A STOCKHOLDER. Optionee shall not have any of the rights of a stockholder with respect to any Shares unless and until such Shares are issued to Optionee. Subject to the terms and conditions of this Agreement, Optionee will have all of the rights of a stockholder of the Company with respect to the Shares from and after the date that Shares are issued to Optionee pursuant to, and in accordance with, the terms of the Exercise Agreement until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercise(s) the Repurchase Option or the Right of First Refusal. Upon an exercise of the Repurchase Option or Right of First Refusal, Optionee will have no further rights as a holder of the Shares so purchased upon such exercise, other than the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee will promptly surrender the stock certificate(s) evidencing the Shares so purchased to the Company for transfer or cancellation.

14. ESCROW. As security for Optionee's faithful performance of this Agreement, Optionee agrees, immediately upon receipt of the stock certificate(s) evidencing the Shares, to deliver such certificate(s), together with two (2) copies of a blank Stock Power and Assignment Separate from Stock Certificate in the form attached to the Exercise Agreement (the "**Stock Powers**"), both executed by Purchaser (and Purchaser's spouse, if any) (with the transferee, certificate number, date and number of Shares left blank), to the Secretary of the Company or other designee of the Company (the "**Escrow Holder**"), who is hereby appointed to hold such certificate(s) and Stock Powers in escrow and to take all such actions and to effectuate all such transfers and/or releases of such Shares as are in accordance with the terms of this Agreement. Optionee and the Company agree that Escrow Holder will not be liable to any party to this Agreement (or to any other party) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Agreement. Escrow Holder may rely upon any letter, notice or other document executed with any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Agreement and will not be liable for any act or omission taken by Escrow Holder in good faith reliance on such documents, the advice of counsel or a court order. The Shares will be released from escrow upon termination of both the Repurchase Option and the Right of First Refusal.

15. COMPANY VOTING AGREEMENT. As a material inducement and consideration for the Company to enter into this Agreement, Optionee hereby agrees that if, the Company requests Optionee to enter into and become a party to the Company Voting Agreement (pursuant to which Optionee would agree to vote all shares of Company stock held by Optionee for the election of directors and in favor of certain material transactions (such as mergers or sales of the Company) and otherwise vote in accordance with the terms thereof), then Optionee will enter into such agreements and execute and deliver signature pages thereto (as requested by the Company) in such capacities as the Company requests, at the time of exercising this Option and as a condition to such exercise or at any later time.

16. RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS.

16.1. Legends. Optionee understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Shares, together with any other legends that may be required by state, foreign or U.S. Federal securities laws, the Company's Certificate of Incorporation or Bylaws, any other agreement between Optionee and the Company, or any agreement between Optionee and any third party (and any other legend(s) that the Company may become obligated to place on the stock certificate(s) evidencing the Shares under the terms of any agreement to which the Company is or may become bound or obligated):

(a) THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES OR COUNTRIES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE OR NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE OR NON-U.S. SECURITIES LAWS.

(b) THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON RESALE AND TRANSFER, INCLUDING THE REPURCHASE OPTION AND RIGHT OF FIRST REFUSAL HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S) AS SET FORTH IN A STOCK OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH SALE AND TRANSFER RESTRICTIONS, INCLUDING THE REPURCHASE OPTION AND RIGHT OF FIRST REFUSAL, ARE BINDING ON TRANSFEREES OF THESE SHARES.

(c) THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A MARKET STANDOFF RESTRICTION AS SET FORTH IN A CERTAIN STOCK OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED PRIOR TO 180 DAYS (AND POSSIBLY LONGER) AFTER THE EFFECTIVE DATE OF CERTAIN PUBLIC OFFERINGS OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

Optionee agrees that if Optionee becomes a party to (A) the Company's Amended and Restated Voting Agreement dated as of December 17, 2013 among the Company and certain stockholders and other investors in the Company, as such may be amended and/or restated from time to time and/or (B) any other voting agreement that is a successor to or replacement of such Voting Agreement (collectively, the "**Company Voting Agreement**") then Optionee agrees that the stock certificate(s) evidencing the Shares shall, in addition, bear any legends required under the Company Voting Agreement.

16.2. Stop-Transfer Instructions. Optionee agrees that, to ensure compliance with the restrictions imposed by this Agreement, the Company may issue appropriate “stop-transfer” instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

16.3. Refusal to Transfer. The Company will 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 have been so transferred.

17. CERTAIN TAX CONSEQUENCES. Set forth below is a brief summary as of the Effective Date of the Plan of some of the U.S. federal tax consequences of exercise of the Option and disposition of the Shares for U.S. taxpayer Optionees. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. IT DOES NOT ADDRESS THE NON-U.S. TAX CONSEQUENCES FOR OPTIONEES RESIDING OUTSIDE THE U.S. OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

17.1. Exercise of ISO. If the Option qualifies as an ISO, for U.S. taxpayers, there will be no regular U.S. federal income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for federal alternative minimum tax purposes and may subject the Optionee to the alternative minimum tax in the year of exercise.

17.2. Exercise of Nonqualified Stock Option. If the Option does not qualify as an ISO, there may be a regular U.S. federal income tax liability upon the exercise of the Option for U.S. taxpayers. Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If Optionee is a current or former employee of the Company or its Parent or Subsidiary, the Company or the Parent or Subsidiary, as applicable, may be required to withhold from Optionee’s compensation or collect from Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

17.3. Disposition of Shares. The following tax consequences may apply to U.S. taxpayers upon disposition of the Shares.

(a) **Incentive Stock Options.** If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant, any gain realized on disposition of the Shares will be treated as long term capital gain for U.S. federal income tax purposes. If Vested Shares purchased under an ISO are disposed of within the applicable one (1) year or two (2) year period, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates in the year of the disposition) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise (or, if less, the amount realized on the disposition of the Shares) over the Exercise Price. Any further gain (or loss) realized will be taxed as short-term or long-term capital gain (or loss), as the case may be, depending on whether the Shares are held for more than twelve (12) months after the date of exercise. To the extent the Shares were exercised prior to vesting coincident with the filing of an 83(b) Election, the amount taxed because of a disqualifying disposition will be based upon the excess, if any, of the fair market value on the date of vesting over the exercise price.

(b) **Nonqualified Stock Options.** If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as long term capital gain.

17.4. Section 83(b) Election for Unvested Shares. With respect to Unvested Shares, which are subject to the Repurchase Option, unless an election is filed by Optionee with the Internal Revenue Service (and, if necessary, the proper state taxing authorities), within thirty (30) days of the purchase of the Unvested 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 Exercise Price of the Unvested Shares and their Fair Market Value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to Optionee, measured by the excess, if any, of the Fair Market Value of the Unvested Shares at the time they cease to be Unvested Shares, over the Exercise Price of Unvested Shares.

18. GENERAL PROVISIONS

18.1. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Optionee.

18.2. Entire Agreement. The Plan, the Grant Notice and the Exercise Agreement are each incorporated herein by reference. This Agreement, the Grant Notice, the Plan and the Exercise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior undertakings and agreements with respect to such subject matter.

19. NOTICES. Any and all notices required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed to provide such party sufficient notice under this Agreement on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) at the time an electronic confirmation of receipt is received, if delivery is by email; (iii) at the time of transmission by facsimile, addressed to the other party at its facsimile number specified herein (or hereafter modified by subsequent notice to the parties hereto), with confirmation of receipt made by both telephone and printed confirmation sheet verifying successful transmission of the facsimile; (iv) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (v) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. Any notice for delivery outside the United States will be sent by email, facsimile or by express courier. Any notice not delivered personally or by email will be sent with postage and/or other charges prepaid and properly addressed to Optionee at the last known address or facsimile number on the books of the Company, or at such other address or facsimile number as such other party may designate by one of the indicated means of notice herein to the other parties hereto or, in the case of the Company, to it at its principal place of business. Notices to the Company will be marked "Attention: Chief Financial Officer." Notices by facsimile shall be machine verified as received.

20. LANGUAGE. If Optionee has received the Agreement or any other document related to the Option or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

21. ANNEX A. Notwithstanding any provision of the Agreement, the Option grant shall be subject to any additional terms and conditions for Optionee's country set forth in the Annex A. Moreover, if Optionee relocates to one of the countries included in the Annex A, the terms and conditions for such country will apply to Optionee to the extent the Company determines that the application of such terms and conditions to Optionee is necessary or advisable for legal or administrative reasons. The Annex A constitutes part of the Agreement.

22. SUCCESSORS AND ASSIGNS. The Company may assign any of its rights under this Agreement including its rights to purchase Shares under both the Repurchase Option and the Right of First Refusal. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

23. GOVERNING LAW AND VENUE. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to that body of laws pertaining to conflict of laws. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable. For purposes of litigating any dispute that arises under the Option or Agreement, the parties submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the U.S. federal courts for the Northern District of California and no other courts, where the Option is made and/or to be performed.

24. FURTHER ASSURANCES. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

25. TITLES AND HEADINGS. The titles, captions and headings of this Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Agreement. Unless otherwise specifically stated, all references herein to "sections" and "exhibits" will mean "sections" and "exhibits" to this Agreement.

26. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement.

27. SEVERABILITY. If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement. Notwithstanding the foregoing, if the value of this Agreement based upon the substantial benefit of the bargain for any party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

* * * * *

Attachment: Annex A: Country Annex to Stock Option Agreement

Annex B: Form of Stock Option Exercise Notice and Agreement

ANNEX A

COUNTRY ANNEX TO STOCK OPTION AGREEMENT

Terms and Conditions

This Annex A includes additional terms and conditions that govern Optionee's participation in the Plan if Optionee works and/or resides in one of the countries listed below. If Optionee is a citizen or resident of a country other than the one in which Optionee is currently working (or is considered as such for local law purposes), or Optionee transfers employment or residence to a different country after the Option is granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will apply to Optionee.

Capitalized terms used but not defined in this Annex A shall have the same meanings assigned to them in the Plan or the Agreement.

Notifications

This Annex A also includes information regarding certain other issues of which Optionee should be aware with respect to Optionee's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2014. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Optionee not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out-of-date at the time Optionee exercises the Option or sells any Shares acquired upon such exercise.

In addition, the information contained herein is general in nature and may not apply to Optionee's particular situation and the Company is not in a position to assure Optionee of any particular result. Accordingly, Optionee is advised to seek appropriate professional advice as to how the relevant laws in Optionee's country may apply to his or her individual situation.

If Optionee is a citizen or resident of a country other than the one in which Optionee is currently working (or is considered as such for local law purposes), or if Optionee relocates to a different country after the Option is granted, the notifications contained in this Annex A may not be applicable to Optionee in the same manner.

NORWAY

There are no country-specific provisions.

ANNEX B

FORM OF STOCK OPTION EXERCISE NOTICE AND AGREEMENT

STOCK OPTION EXERCISE NOTICE AND AGREEMENT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

***NOTE:** You must sign this Notice on Page 3 before submitting it to Upwork Inc. (the "Company") AND, if requested to do so by the Company, you must also sign the signature page to the Company's then-current Company Voting Agreement (as defined in the Stock Option Agreement) before submitting this Notice to the Company.

OPTIONEE INFORMATION: Please provide the following information about yourself ("Optionee"):

Name: «Optionee» _____

Address: _____

OPTION INFORMATION: Please provide this information on the option being exercised (the "Option"):

Grant No. «No»

Date of Grant: «Grant_Date»

Option Price per Share: \$ _____

Total number of shares of Common Stock of the Company subject to the Option: «Total_Number_of_Options»

Type of Stock Option:

Nonqualified (NQSO)

Incentive (ISO)

EXERCISE INFORMATION:

Number of shares of Common Stock of the Company for which the Option is now being exercised [_____]. (These shares are referred to below as the "**Purchased Shares**.")

Total Exercise Price Being Paid for the Purchased Shares: \$ _____

Form of payment enclosed [**check all that apply**]:

Check for \$ _____, payable to "Upwork Inc."

Certificate(s) for _____ shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. [**Requires Company consent.**]

AGREEMENTS, REPRESENTATIONS AND ACKNOWLEDGMENTS OF OPTIONEE: By signing this Stock Option Exercise Notice and Agreement, Optionee hereby agrees with, and represents to, the Company as follows:

- Terms Governing.** I acknowledge and agree with the Company that I am acquiring the Purchased Shares by exercise of this Option subject to all other terms and conditions of the Notice of Stock Option Grant and the Stock Option Agreement that govern the Option, including without limitation the terms of the Company's 2014 Equity Incentive Plan, as it may be amended (the "**Plan**").
- Investment Intent; Securities Law Restrictions.** I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any "distribution" of the Purchased Shares within the meaning of

the Securities Act of 1933, as amended (the “**Securities Act**”). I understand that the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption from such registration requirement and that the Purchased Shares must be held by me indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required. I acknowledge that the Company is under no obligation to register the Purchased Shares under the Securities Act or under any other securities law.

3. **Restrictions on Transfer: Rule 144.** I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder (including Rule 144 under the Securities Act described below “Rule 144”) or of any other applicable securities laws. I am aware of Rule 144, which permits limited public resales of securities acquired in a non-public offering, subject to satisfaction of certain conditions, which include (without limitation) that: (a) certain current public information about the Company is available; (b) the resale occurs only after the holding period required by Rule 144 has been met; (c) the sale occurs through an unsolicited “broker’s transaction”; and (d) the amount of securities being sold during any three-month period does not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company has no plans to satisfy these conditions in the foreseeable future.
4. **Access to Information; Understanding of Risk in Investment.** I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.
5. **Waiver of Statutory Information Rights.** Notwithstanding anything to the contrary herein, I acknowledge and understand that, but for the waiver made herein, I would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company’s stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the Delaware General Corporation Law (any and all such rights, and any and all such other rights as may be provided for in Section 220, the “**Inspection Rights**”). In light of the foregoing, until the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, I hereby unconditionally and irrevocably waive the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenant and agree never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver applies to my Inspection Rights in my capacity as a stockholder and shall not affect any rights of a director, in my capacity as such (if applicable), under Section 220. The foregoing waiver shall not apply to any contractual inspection rights that I may have under any written agreement with the Company.
6. **Rights of First Refusal; Repurchase Option; Market Stand-off.** I acknowledge that the Purchased Shares remain subject to the Company’s Right of First Refusal, the Company’s Repurchase Option (with respect to unvested Purchased Shares) and the market stand-off covenants (sometimes referred to as the “lock-up”), all in accordance with the applicable Notice of Stock Option Grant and the Stock Option Agreement that govern the Option.

7. **Form of Ownership.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership of the Purchased Shares that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that is not an eligible revocable trust, I also acknowledge that the transfer will be treated as a “disposition” for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.
8. **Investigation of Tax Consequences.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.
9. **Other Tax Matters.** I agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options (including the Option) are exempt from section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Common Stock at the time the option was granted by the Board. Since shares of the Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Board and/or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.
10. **Spouse Consent.** I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.
11. **Agreement to Enter into Voting Agreement.** Pursuant to the Stock Option Agreement, if requested to do so by the Company, I agree to enter into and execute the then-current Company Voting Agreement concurrently with my exercise of the Option or at any other time I am requested to do so by the Company I acknowledge that by entering into the Voting Agreement I will be subjected to voting and other obligations and covenants regarding all Company shares I own and all other provisions of the Company Voting Agreement, in addition to the right of first refusal, repurchase option and market stand-off provisions described above.
12. **Tax Withholding.** As a condition of exercising this Option, I agree to make adequate provision for foreign, federal, state or other tax withholding obligations, if any, which arise upon the grant, vesting or exercise of this Option, or disposition of the Purchased Shares, whether by withholding, direct payment to the Company, or otherwise.

IMPORTANT NOTE: UNVESTED PURCHASED SHARES ARE SUBJECT TO REPURCHASE BY THE COMPANY. PLEASE CONSULT WITH YOUR TAX ADVISER CONCERNING THE ADVISABILITY OF FILING AN 83(b) ELECTION WITH THE INTERNAL REVENUE SERVICE WHICH MUST BE FILED WITHIN THIRTY (30) DAYS AFTER THE PURCHASE OF SHARES TO BE EFFECTIVE.

A form of Election under Section 83(b) is attached hereto as Exhibit 1 for reference. Unless an 83(b) election is timely filed with the Internal Revenue Service (and, if necessary, the proper state taxing authorities), electing pursuant to Section 83(b) of the Internal Revenue Code (and similar state tax provisions, if applicable) to be taxed currently on any difference between the purchase price of the unvested Purchased Shares and their fair market value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to you, measured by the excess, if any, of the Fair Market Value of the unvested Purchased Shares at the time they cease to be unvested Purchased Shares, over the purchase price of the unvested Purchased Shares.

The undersigned hereby executes and delivers this Stock Option Exercise Notice and Agreement to agree to be bound by its terms

SIGNATURE:

DATE:

«OPTIONEE»

Attachments:

Exhibit 1 – Section 83(b) Election Form

[Signature Page to Stock Option Exercise Notice and Agreement]

EXHIBIT 1

ELECTION UNDER SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned Taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the excess, if any, of the fair market value of the property described below at the time of transfer over the amount paid for such property, as compensation for services in the calculation of: (1) regular gross income; (2) alternative minimum taxable income; or (3) disqualifying disposition gross income, as the case may be.

1. TAXPAYER'S NAME: «Optionee»

TAXPAYER'S ADDRESS: _____

SOCIAL SECURITY NUMBER: _____

2. The property with respect to which the election is made is described as follows: _____ shares of Common Stock of Upwork Inc., a Delaware corporation (the "**Company**") which were transferred upon exercise of an option by Company, which is Taxpayer's employer or the corporation for whom the Taxpayer performs services.
3. The date on which the shares were transferred pursuant to the exercise of the option was _____, _____ and this election is made for calendar year _____.
4. The shares received upon exercise of the option are subject to the following restrictions: The Company may repurchase all or a portion of the shares at the lower of (a) Taxpayer's original purchase price per share or (b) the then fair market value per share of the shares, under certain conditions at the time of Taxpayer's termination of employment or services.
5. The fair market value of the shares (without regard to restrictions other than restrictions which by their terms will never lapse) was \$ _____ per share x _____ shares = \$ _____ at the time of exercise of the option.
6. The amount paid for such shares upon exercise of the option was \$ _____ per share x _____ shares = \$ _____.
7. The Taxpayer has submitted a copy of this statement to the Company.
8. The amount to include in gross income is \$ _____. [The result of the amount reported in Item 5 minus the amount reported in Item 6.]

THIS ELECTION MUST BE FILED WITH THE INTERNAL REVENUE SERVICE ("IRS"), AT THE OFFICE WHERE THE TAXPAYER FILES ANNUAL INCOME TAX RETURNS, WITHIN 30 DAYS AFTER THE DATE OF TRANSFER OF THE SHARES, AND MUST ALSO BE FILED WITH THE TAXPAYER'S INCOME TAX RETURNS FOR THE CALENDAR YEAR. THE ELECTION CANNOT BE REVOKED WITHOUT THE CONSENT OF THE IRS.

Dated: _____

«Optionee»

NOTICE OF STOCK OPTION GRANT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

The Optionee named below (“**Optionee**”) has been granted an option (this “**Option**”) to purchase shares of Common Stock (the “**Common Stock**”) of Upwork Inc. (the “**Company**”), pursuant to the Company’s 2014 Equity Incentive Plan, as amended from time to time (the “**Plan**”) on the terms, and subject to the conditions, described below and in the Stock Option Agreement attached hereto as **Exhibit A**, including its annexes (the “**Stock Option Agreement**”).

Optionee: «Optionee»

Maximum Number of Shares Subject to this Option (the “Shares”): «Total_Number_of_Options»

Exercise Price Per Share: \$____ per share

Date of Grant: «Grant_Date»

Vesting Start Date: «Vesting_Start_Date»

Exercise Schedule: This Option will become exercisable during its term with respect to portions of the Shares in accordance with the Vesting Schedule set forth below.

Expiration Date: The date ten (10) years after the Date of Grant set forth above, subject to earlier expiration in the event of Termination as provided in Section 3 of the Stock Option Agreement.

Tax Status of Option: Incentive Stock Option (*To the fullest extent permitted by the Code*)
(Check Only One Box): Nonqualified Stock Option.
(If neither box is checked, this Option is a Nonqualified Stock Option).

Vesting Schedule: For so long as Optionee continuously provides services to the Company (or any Subsidiary or Parent of the Company) as an employee, officer, director, contractor or consultant and has not been Terminated, this Option will vest (that is, become exercisable) with respect to the Shares as follows:

[Insert if vesting is 48 monthly installments (vesting schedule (2) on Exhibit A-1 of the April 7, 2014 Board minutes):] This Option will become vested and exercisable with respect to 2.0833% of the Shares when Optionee completes each month of continuous service following the Vesting Start Date.

[Insert if vesting is 24 monthly installments (vesting schedule (5) on Exhibit A-1 of the April 7, 2014 Board minutes):] This Option will become vested and exercisable with respect to 4.1667% of the Shares when Optionee completes each month of continuous service following the Vesting Start Date.

[Insert if vesting, together with vesting of unvested portion of assumed option, is in 60 variable monthly installments (vesting schedule (6) on Exhibit A-1 of the April 7, 2014 Board minutes/vesting schedule (2) on Exhibit A-1 of the May 1, 2014 Board minutes):] This Option will become vested and exercisable with respect to the number of Shares set forth in the table below on each date of continuous service following the Vesting Start Date set forth in the table below:

<u>Date</u>	<u>Number of Shares</u>
[Date]	[No. Shares]
TOTAL:	[No. Shares]

[Insert if vesting is 60 monthly installments (vesting schedule (9) on Exhibit A-1 of the April 7, 2014 Board minutes):] This Option will become vested and exercisable with respect to 1.6667% of the Shares when Optionee completes each month of continuous service following the Vesting Start Date.

[Insert for all Optionees with acceleration in their Upwork offer letters entered into in connection with the merger:] In the event: (i) of an Acquisition (as defined in the Plan) and (ii) Optionee’s employment is Terminated by the Company or its successor other than for Cause (as defined that certain Offer Letter dated [____] from the Company to Optionee (the “**Offer Letter**”) or by Optionee for Good Reason (as defined in the Offer Letter), in either case upon or within 12 months following the Acquisition, then, subject to fulfillment of the release requirements set forth in the Offer Letter, effective immediately prior to such Termination, 50% of the then Unvested Shares will become Vested Shares. For the avoidance of doubt, the Merger (as defined in the Offer Letter) does not constitute an Acquisition for purposes of the foregoing vesting acceleration provisions.

[Insert for all Optionees with an extended post-termination exercise period in their Upwork offer letters entered into in connection with the merger (note that this section assumes that “Offer Letter” is defined under the acceleration provision above; if such provision is not included, please define the term in this section):] Extended Post-Termination Exercise Period

[Insert for all Optionees with an extended three tier post-termination exercise period:] Notwithstanding anything to the contrary in Section 3 of the Stock Option Agreement, if Optionee is Terminated by the Company other than for Cause, then this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares, may be exercised by Optionee for a period of (i) the date that is twenty-four (24) months following such Termination if the Termination occurs prior to March 31, 2015, (ii) the date that is eighteen (18) months following such Termination if the Termination occurs on or after March 31, 2015, but prior to March 31, 2016, or (iii) the date that is twelve (12) months following such Termination if the Termination occurs on or after March 31, 2016, but in no event later than the Expiration Date, after which this Option shall expire immediately with respect to all Unvested Shares and any Vested Shares that are not exercised on or prior to the expiration of the applicable post-termination exercise period; *provided, however*, that the applicable foregoing post-termination exercise period shall end upon the consummation of an Acquisition. For the avoidance of doubt, the Merger (as defined in the Offer Letter) does not constitute an Acquisition for purposes of the foregoing sentence. The term “Cause” as used in the forgoing provisions and in Section 3 of the Stock Option Agreement shall have the meaning ascribed to such term in the Offer Letter. Any exercise of this Option beyond (i) three (3) months after the date Optionee ceases to be an employee when Optionee’s Termination is for any reason other than Optionee’s death or disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

[Insert for all Optionees with an extended two tier post-termination exercise period:] Notwithstanding anything to the contrary in Section 3 of the Stock Option Agreement, if Optionee is Terminated by the Company other than for Cause, then this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares, may be exercised by Optionee for a period of (i) the date that is twenty-four (24) months following such Termination if the Termination occurs prior to March 31, 2015, or (ii) the date that is twelve (12) months following such Termination if the Termination occurs on or after March 31, 2015, but in no event later than the Expiration Date, after which this Option shall expire immediately with respect to all Unvested Shares and any Vested Shares that are not exercised on or prior to the expiration of the applicable post-termination exercise period; *provided, however*, that the applicable foregoing post-termination exercise period shall end upon the consummation of an Acquisition. For the avoidance of doubt, the Merger (as defined in the Offer Letter) does not constitute an Acquisition for purposes of the foregoing sentence. The term “Cause” as used in the forgoing provisions and in Section 3 of the Stock Option Agreement shall have the meaning ascribed to such term in the Offer Letter. Any exercise of this Option beyond (i) three (3) months after the date Optionee ceases to be an employee when Optionee’s Termination is for any reason other than Optionee’s death or disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

General; Agreement: By their signatures below, Optionee and the Company agree that this Option is granted under and governed by this Notice of Stock Option Grant (this “**Grant Notice**”) and by the provisions of the Plan and the Stock Option Agreement. The Plan and the Stock Option Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or in the Stock Option Agreement, as applicable. By signing below, Optionee acknowledges receipt of a copy of this Grant Notice, the Plan and the Stock Option Agreement, represents that Optionee has carefully read and is familiar with their provisions, and hereby accepts the Option subject to all of their respective terms and conditions. Optionee acknowledges that there may be adverse Tax-Related Items consequences with respect to the Option or the Shares and that Optionee should consult a tax adviser prior to exercise of the Option or disposition of the Shares. Optionee agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Optionee’s service status changes between full and part time status in accordance with Company policies relating to work schedules and vesting of equity awards.

Execution and Delivery: This Grant Notice may be executed and delivered electronically whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By Optionee’s acceptance hereof (whether written, electronic or otherwise), Optionee agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, Optionee accepts the electronic delivery of any documents that the Company (or any third party the Company may designate), may deliver in connection with this grant (including the Plan, this Grant Notice, the Stock Option Agreement, the information described in Rules 701(e)(2), (3), (4) and (5) under the Securities Act (the “**701 Disclosures**”), account statements, or other communications or information) whether via the Company’s intranet or the Internet site of such third party or via email or such other means of electronic delivery specified by the Company.

Upwork Inc.

By /Signature: _____

Optionee Signature: _____

Typed Name: _____

Optionee’s Name: «Optionee» _____

Title: _____

ATTACHMENT: Exhibit A – Stock Option Agreement

Exhibit A
Stock Option Agreement

NOTICE OF STOCK OPTION GRANT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

The Optionee named below (“**Optionee**”) has been granted an option (this “**Option**”) to purchase shares of Common Stock (the “**Common Stock**”) of Upwork Inc. (the “**Company**”), pursuant to the Company’s 2014 Equity Incentive Plan, as amended from time to time (the “**Plan**”) on the terms, and subject to the conditions, described below and in the Stock Option Agreement attached hereto as **Exhibit A**, including its annexes (the “**Stock Option Agreement**”).

Optionee:	«Optionee»
Maximum Number of Shares Subject to this Option (the “Shares”):	«Total_Number_of_Options»
Exercise Price Per Share:	\$____ per share
Date of Grant:	«Grant_Date»
Vesting Start Date:	N/A
Exercise Schedule:	This Option is fully exercisable on the Date of Grant.
Expiration Date:	The date ten (10) years after the Date of Grant set forth above, subject to earlier expiration in the event of Termination as provided in Section 3 of the Stock Option Agreement.
Tax Status of Option: (Check <u>Only</u> One Box):	<input type="checkbox"/> Incentive Stock Option (<i>To the fullest extent permitted by the Code</i>) <input type="checkbox"/> Nonqualified Stock Option. (If <u>neither</u> box is checked, this Option is a Nonqualified Stock Option).

Vesting Schedule: Fully vested (100%).

General; Agreement: By their signatures below, Optionee and the Company agree that this Option is granted under and governed by this Notice of Stock Option Grant (this “**Grant Notice**”) and by the provisions of the Plan and the Stock Option Agreement. The Plan and the Stock Option Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or in the Stock Option Agreement, as applicable. By signing below, Optionee acknowledges receipt of a copy of this Grant Notice, the Plan and the Stock Option Agreement, represents that Optionee has carefully read and is familiar with their provisions, and hereby accepts the Option subject to all of their respective terms and conditions. Optionee acknowledges that there may be adverse Tax-Related Items consequences with respect to the Option or the Shares and that Optionee should consult a tax adviser prior to exercise of the Option or disposition of the Shares. Optionee agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Optionee’s service status changes between full and part time status in accordance with Company policies relating to work schedules and vesting of equity awards.

Execution and Delivery: This Grant Notice may be executed and delivered electronically whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By Optionee’s acceptance hereof (whether written, electronic or otherwise), Optionee agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, Optionee accepts the electronic delivery of any documents that the Company (or any third party the Company may designate), may deliver in connection with this grant (including the Plan, this Grant Notice, the Stock Option Agreement, the information described in Rules 701(e)(2), (3), (4) and (5) under the Securities Act (the “**701 Disclosures**”), account statements, or other communications or information) whether via the Company’s intranet or the Internet site of such third party or via email or such other means of electronic delivery specified by the Company.

Upwork Inc.

By /Signature: _____

Optionee Signature: _____

Typed Name: _____

Optionee’s Name: «Optionee» _____

Title: _____

ATTACHMENT: Exhibit A – Stock Option Agreement

Exhibit A
Stock Option Agreement

NOTICE OF STOCK OPTION GRANT

UPWORK INC.

2014 EQUITY INCENTIVE PLAN

The Optionee named below (“**Optionee**”) has been granted an option (this “**Option**”) to purchase shares of Common Stock (the “**Common Stock**”) of Upwork Inc. (the “**Company**”), pursuant to the Company’s 2014 Equity Incentive Plan, as amended from time to time (the “**Plan**”) on the terms, and subject to the conditions, described below and in the Stock Option Agreement attached hereto as **Exhibit A**, including its annexes (the “**Stock Option Agreement**”).

Optionee:	«Optionee»
Maximum Number of Shares Subject to this Option (the “Shares”):	«Total_Number_of_Options»
Exercise Price Per Share:	\$____ per share
Date of Grant:	«Grant_Date»
Vesting Start Date:	«Vesting_Start_Date»
Exercise Schedule:	This Option will become exercisable during its term with respect to portions of the Shares in accordance with the Vesting Schedule set forth below.
Expiration Date:	The date ten (10) years after the Date of Grant set forth above, subject to earlier expiration in the event of Termination as provided in Section 3 of the Stock Option Agreement.
Tax Status of Option: (Check <u>Only</u> One Box):	<input type="checkbox"/> Incentive Stock Option (<i>To the fullest extent permitted by the Code</i>) <input type="checkbox"/> Nonqualified Stock Option. (If <u>neither</u> box is checked, this Option is a Nonqualified Stock Option).

Vesting Schedule: For so long as Optionee continuously provides services to the Company (or any Subsidiary or Parent of the Company) as an employee, officer, director, contractor or consultant and has not been Terminated, this Option will vest (that is, become exercisable) with respect to the Shares as follows:

[Insert if vesting is over 4 years with a 1 year cliff (vesting schedule (1) on Exhibit A-1 of the April 7, 2014 Board minutes and May 1, 2014 Board minutes):] For so long as Optionee continuously provides services to the Company (or any Subsidiary or Parent of the Company) as an employee, officer, director, contractor or consultant and has not been Terminated, this Option will vest (that is, become exercisable) with respect to the Shares as follows: (a) prior to the first one (1) year anniversary of the Vesting Start Date this Option will not be vested or exercisable as to any of the Shares; (b) this Option will become vested and exercisable with respect to 25% of the Shares on the one (1) year anniversary of the Vesting Start Date; and (c) thereafter, this Option will become vested and exercisable with respect to an additional 2.0833% of the Shares when Optionee completes each month of continuous service following the first one (1) year anniversary of the Vesting Start Date.

[Insert if vesting is over 5 years with 1 year cliff:] For so long as Optionee continuously provides services to the Company (or any Subsidiary or Parent of the Company) as an employee, officer, director, contractor or consultant and has not been Terminated, this Option will vest (that is, become exercisable) with respect to the Shares as follows: (a) prior to the first one (1) year anniversary of the Vesting Start Date this Option will not be vested or exercisable as to any of the Shares; (b) this Option will become vested and exercisable with respect to 20% of the Shares on the one (1) year anniversary of the Vesting Start Date; and (c) thereafter, this Option will become vested and exercisable with respect to an additional 1.6667% of the Shares when Optionee completes each month of continuous service following the first one (1) year anniversary of the Vesting Start Date.

[Insert for executives with acceleration in their offer letters:] In the event: (i) of an Acquisition (as defined in the Plan) and (ii) Optionee’s employment is Terminated by the Company or its successor other than for Cause (as defined that certain Offer Letter dated [____] from the Company to Optionee (the “**Offer Letter**”) or by Optionee for Good Reason (as defined in the Offer Letter), in either case upon or within 12 months following the Acquisition, then, subject to fulfillment of the release requirements set forth in the Offer Letter, effective immediately prior to such Termination, 50% of the then Unvested Shares will become Vested Shares.

[Insert for all executives with an extended post-termination exercise period in their offer letters (note that this section assumes that “Offer Letter” is defined under the acceleration provision above; if such provision is not included, please define the term in this section):] Extended Post-Termination Exercise Period

[Insert for all executives with an extended three tier post-termination exercise period:] Notwithstanding anything to the contrary in Section 3 of the Stock Option Agreement, if Optionee is Terminated by the Company other than for Cause, then this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares, may be exercised by Optionee for a period of (i) the date that is twenty-four (24) months following such Termination if the Termination occurs prior to March 31, 2015, (ii) the date that is eighteen (18) months following such Termination if the Termination occurs on or after March 31, 2015, but prior to March 31, 2016, or (iii) the date that is twelve (12) months following such Termination if the Termination occurs on or after March 31, 2016, but in no event later than the Expiration Date, after which this Option shall expire immediately with respect to all Unvested Shares and any Vested Shares that are not exercised on or prior to the expiration of the applicable post-termination exercise period; *provided, however,* that the applicable foregoing post-termination exercise period shall end upon the consummation of an Acquisition. The term “Cause” as used in the forgoing sentence and in Section 3 of the Stock Option Agreement shall have the meaning ascribed to such term in the Offer Letter. Any exercise of this Option beyond (i) three (3) months after the date Optionee ceases to be an employee when Optionee’s Termination is for any reason other than Optionee’s death or disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

[Insert for all executives with an extended two tier post-termination exercise period:] Notwithstanding anything to the contrary in Section 3 of the Stock Option Agreement, if Optionee is Terminated by the Company other than for Cause, then this Option, to the extent (and only to the extent) that it is exercisable with respect to Vested Shares, may be exercised by Optionee for a period of (i) the date that is twenty-four (24) months following such Termination if the Termination occurs prior to March 31, 2015, or (ii) the date that is twelve (12) months following such Termination if the Termination occurs on or after March 31, 2015, but in no event later than the Expiration Date, after which this Option shall expire immediately with respect to all Unvested Shares and any Vested Shares that are not exercised on or prior to the expiration of the applicable post-termination exercise period; *provided, however,* that the applicable foregoing post-termination exercise period shall end upon the consummation of an Acquisition. The term “Cause” as used in the forgoing sentence and in Section 3 of the Stock Option Agreement shall have the meaning ascribed to such term in the Offer Letter. Any exercise of this Option beyond (i) three (3) months after the date Optionee ceases to be an employee when Optionee’s Termination is for any reason other than Optionee’s death or disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

General; Agreement: By their signatures below, Optionee and the Company agree that this Option is granted under and governed by this Notice of Stock Option Grant (this “**Grant Notice**”) and by the provisions of the Plan and the Stock Option Agreement. The Plan and the Stock Option Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or in the Stock Option Agreement, as applicable. By signing below, Optionee acknowledges receipt of a copy of this Grant Notice, the Plan and the Stock Option Agreement, represents that Optionee has carefully read and is familiar with their provisions, and hereby accepts the Option subject to all of their respective terms and conditions. Optionee acknowledges that there may be adverse Tax-Related Items consequences with respect to the Option or the Shares and that Optionee should consult a tax adviser prior to exercise of the Option or disposition of the Shares. Optionee agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Optionee’s service status changes between full and part time status in accordance with Company policies relating to work schedules and vesting of equity awards.

Execution and Delivery: This Grant Notice may be executed and delivered electronically whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By Optionee’s acceptance hereof (whether written, electronic or otherwise), Optionee agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, Optionee accepts the electronic delivery of any documents that the Company (or any third party the Company may designate), may deliver in connection with this grant (including the Plan, this Grant Notice, the Stock Option Agreement, the information described in Rules 701(e)(2), (3), (4) and (5) under the Securities Act (the “**701 Disclosures**”), account statements, or other communications or information) whether via the Company’s intranet or the Internet site of such third party or via email or such other means of electronic delivery specified by the Company.

Upwork Inc.

By /Signature: _____

Optionee Signature: _____

Typed Name: _____

Optionee’s Name: «Optionee» _____

Title: _____

ATTACHMENT: Exhibit A – Stock Option Agreement

Exhibit A
Stock Option Agreement

STOCK OPTION EXERCISE NOTICE AND AGREEMENT

UPWORK INC.

OMNIBUS FORM FOR USE WITH:

ODESK 2004 STOCK PLAN
ELANCE 1999 STOCK OPTION PLAN (“1999 ELANCE PLAN”)
ELANCE 2009 STOCK OPTION PLAN (“2009 ELANCE PLAN”)
UPWORK INC. 2014 EQUITY INCENTIVE PLAN (“2014 PLAN”)

***NOTE:** You must sign this Stock Option Exercise Notice and Agreement before submitting it to Upwork Inc. (the “Company”).

OPTIONEE INFORMATION: Please provide the following information about yourself (“Optionee”):

Name: «Optionee» _____ Address: _____

OPTION INFORMATION: Please provide this information on each option being exercised (each, the “Option” and together, the “Options”). The total number of shares of Common Stock of the Company for which all Options are now being exercised is referred to below as the “Purchased Shares”.

Grant Number	Grant Date	Grant Type (NQSO / ISO)	Total Shares Subject to Option	Number of Shares to Be Exercised	Per Share Exercise Price	Aggregate Exercise Price
					\$	\$
					\$	\$
					\$	\$
					\$	\$
					\$	\$
					\$	\$
Total					\$	\$

Form of payment enclosed: Check # _____, which amount to an aggregate exercise price of \$ _____, each payable to “Upwork Inc.”

AGREEMENTS, REPRESENTATIONS AND ACKNOWLEDGMENTS OF OPTIONEE: By signing this Stock Option Exercise Notice and Agreement (the “Exercise Agreement”), Optionee hereby agrees with, and represents to, the Company as follows:

- Terms Governing.** I acknowledge and agree with the Company that I am acquiring the Purchased Shares by exercise of each Option subject to all other terms and conditions of the Notice of Stock Option Grant and the Stock Option Agreement that govern such Option, including without limitation the terms of the applicable Plan (as defined below) under which such Option was granted and, if such Option is an Elance Option (as defined below), the terms and conditions set forth on Annex A. For purposes of this Exercise Agreement, “Plan” shall mean the oDesk 2004 Stock Plan, the 1999 Elance Plan, the 2009 Elance Plan (and, together with the 1999 Elance Plan, the “Elance Plans”), or the 2014 Plan, as applicable, as each may be amended. For purposes of this Exercise Agreement, “Elance Option” means an Option granted under one of the Elance Plans. The issuance and transfer of the Purchased Shares will be subject to and conditioned upon my compliance and the Company’s compliance with all applicable state and U.S. Federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company’s Common Stock may be listed or quoted at the time of such issuance or transfer.

2. **Investment Intent; Securities Law Restrictions.** I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any “distribution” of the Purchased Shares within the meaning of the Securities Act of 1933, as amended (the “**Securities Act**”). I understand that the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption from such registration requirement and that the Purchased Shares must be held by me indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required. I acknowledge that the Company is under no obligation to register the Purchased Shares under the Securities Act or under any other securities law.
3. **Restrictions on Transfer: Rule 144.** I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Company’s Right of First Refusal or of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder (including Rule 144 under the Securities Act described below “**Rule 144**”) or of any other applicable securities laws. I am aware of Rule 144, which permits limited public resales of securities acquired in a non-public offering, subject to satisfaction of certain conditions, which include (without limitation) that: (a) certain current public information about the Company is available; (b) the resale occurs only after the holding period required by Rule 144 has been met; (c) the sale occurs through an unsolicited “broker’s transaction”; and (d) the amount of securities being sold during any three-month period does not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company has no plans to satisfy these conditions in the foreseeable future. In addition, I will not sell, transfer or otherwise dispose of the Purchased Shares unless and until I have provided the Company with written notice of the proposed disposition, which notice shall include (i) a summary of the terms and conditions of the proposed disposition and (ii) assurances, in form and substance satisfactory to the Company, that (A) the proposed disposition will comply with all requirements of the applicable Notice of Stock Option Grant, the applicable Stock Option Agreement and this Exercise Agreement applicable to the disposition of the Purchased Shares, including any transfer restrictions pursuant to the provisions of the laws, regulations and requirements referred to in Section 1 above, and (B) the proposed disposition does not require registration of the Purchased Shares under the Securities Act or all appropriate actions necessary for compliance with the Securities Act (including Rule 144) have been taken. I acknowledge and understand that each person (other than the Company) to whom the Purchased Shares are transferred by permitted transfer must, as a condition precedent to the validity of the transfer, acknowledge in writing to the Company that such transferee is bound by the terms and conditions of the applicable Plan, the applicable Notice of Stock Option Grant, the applicable Stock Option Agreement and this Exercise Agreement, including the Right of First Refusal, Repurchase Option (with respect to unvested Purchased Shares) and market stand-off covenants referred to therein and below.
4. **Access to Information; Understanding of Risk in Investment.** I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.
5. **No General Solicitation.** At no time was I presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Purchased Shares.
6. **Waiver of Statutory Information Rights.** Notwithstanding anything to the contrary herein, I acknowledge and understand that, but for the waiver made herein, I would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company’s stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the Delaware General Corporation Law (any and all such rights, and any and all such other rights as may be

provided for in Section 220, the “*Inspection Rights*”). In light of the foregoing, until the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, I hereby unconditionally and irrevocably waive the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenant and agree never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver applies to my Inspection Rights in my capacity as a stockholder and shall not affect any rights of a director, in my capacity as such (if applicable), under Section 220. The foregoing waiver shall not apply to any contractual inspection rights that I may have under any written agreement with the Company.

7. **Rights of First Refusal; Repurchase Option; Market Stand-off.** I acknowledge that the Purchased Shares remain subject to the Company’s Right of First Refusal, the Company’s Repurchase Option (with respect to unvested Purchased Shares) and the market stand-off covenants (sometimes referred to as the “lock-up”), all in accordance with the applicable Notice of Stock Option Grant, the applicable Stock Option Agreement that govern the Option and this Exercise Agreement. I agree in connection with any registration of the Company’s securities that, upon the request of the Company or the underwriters managing any public offering of the Company’s securities, I will not sell or otherwise dispose of any Purchased Shares without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days or such longer period set forth in the applicable Stock Option Agreement) after the effective date of such registration requested by such managing underwriters and subject to all restrictions as the Company or the underwriters may specify. I further agree to enter into any agreement reasonably required by the underwriters to implement the foregoing.
8. **Form of Ownership.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership of the Purchased Shares that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that is not an eligible revocable trust, I also acknowledge that the transfer will be treated as a “disposition” for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.
9. **Investigation of Tax Consequences.** I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.
10. **Other Tax Matters.** I agree that the Company does not have a duty to design or administer any Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options (including the Option(s)) are exempt from Section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Common Stock at the time the option was granted by the Board. Since shares of the Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Board and/or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.
11. **Spouse Consent.** I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.
12. **Tax Withholding.** As a condition of exercising each Option, I agree to make adequate provision for foreign, federal, state or other tax withholding obligations, if any, which arise upon the grant, vesting or exercise of such Option, or disposition of the Purchased Shares, whether by withholding, direct payment to the Company, or otherwise.

IMPORTANT NOTE: UNVESTED PURCHASED SHARES ARE SUBJECT TO REPURCHASE BY THE COMPANY. PLEASE CONSULT WITH YOUR TAX ADVISER CONCERNING THE ADVISABILITY OF FILING AN 83(b) ELECTION WITH THE INTERNAL REVENUE SERVICE WHICH MUST BE FILED WITHIN THIRTY (30) DAYS AFTER THE PURCHASE OF SHARES TO BE EFFECTIVE.

A form of Election under Section 83(b) is attached hereto as Exhibit 1 for reference. Unless an 83(b) election is timely filed with the Internal Revenue Service (and, if necessary, the proper state taxing authorities), electing pursuant to Section 83(b) of the Internal Revenue Code (and similar state tax provisions, if applicable) to be taxed currently on any difference between the purchase price of the unvested Purchased Shares and their fair market value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to you, measured by the excess, if any, of the Fair Market Value of the unvested Purchased Shares at the time they cease to be unvested Purchased Shares, over the purchase price of the unvested Purchased Shares.

The undersigned hereby executes and delivers this Stock Option Exercise Notice and Agreement to agrees to be bound by its terms. If the undersigned is exercising an Elance Option, then by signing below, the undersigned agrees to be bound by the terms of Annex A.

SIGNATURE:

DATE:

«OPTIONEE»

Upwork Inc.

By/Signature: _____

Typed Name: _____

Title: _____

Attachments:

Annex A – Elance Option Only – Additional Terms and Conditions

Exhibit 1 – Section 83(b) Election Form

[Signature Page to Stock Option Exercise Notice and Agreement]

ANNEX A

ELANCE OPTION ONLY

ADDITIONAL TERMS AND CONDITIONS

1. **DEFINITIONS.** As used in this Annex A to the Exercise Agreement (which is incorporated herein), the term “**Purchased Shares**” refers to the Purchased Shares and includes all securities received (i) in replacement of the Purchased Shares, (ii) as a result of stock dividends or stock splits with respect to the Purchased Shares, and (iii) all securities received in replacement of the Purchased Shares in a merger, recapitalization, reorganization or similar corporate transaction. Capitalized terms not defined herein shall have the meanings ascribed to them in the applicable Elance Plan.

2. **COMPANY’S REPURCHASE OPTION FOR UNVESTED SHARES.** The Company, or its assignee, shall have the option to repurchase all or a portion of the Purchased Shares that are Unvested Purchased Shares (as defined in the applicable Stock Option Agreement) on the terms and conditions set forth in this Section (the “**Repurchase Option**”) if Optionee is Terminated (as defined in the applicable Elance Plan) for any reason, or no reason, including without limitation, Optionee’s death, Disability (as defined in the applicable Elance Plan), voluntary resignation or termination by the Company with or without Cause.

2.1. **Termination and Termination Date.** In case of any dispute as to whether Optionee is Terminated, the Committee shall have discretion to determine whether Optionee has been Terminated and the effective date of such Termination (the “**Termination Date**”).

2.2. **Exercise of Repurchase Option.** At any time within ninety (90) days after the Optionee’s Termination Date (or, in the case of securities issued upon exercise of an Option after the Optionee’s Termination Date, within ninety (90) days after the date of such exercise), the Company, or its assignee, may elect to repurchase any or all the Purchased Shares that are Unvested Purchased Shares by giving Optionee written notice of exercise of the Repurchase Option.

2.3. **Calculation of Repurchase Price for Unvested Purchased Shares.** The Company or its assignee shall have the option to repurchase from Optionee (or from Optionee’s personal representative as the case may be) the Unvested Purchased Shares at the Optionee’s exercise price per share, proportionately adjusted for any stock split or similar change in the capital structure of the Company as set forth in Section 2.2 of the applicable Elance Plan (the “**Repurchase Price**”).

2.4. **Payment of Repurchase Price.** The Repurchase Price shall be payable, at the option of the Company or its assignee, by check or by cancellation of all or a portion of any outstanding purchase money indebtedness owed by Optionee to the Company or such assignee, or by any combination thereof. The Repurchase Price shall be paid without interest within the term of the Repurchase Option as described in Section 2.2.

2.5. **Right of Termination Unaffected.** Nothing in this Exercise Agreement shall be construed to limit or otherwise affect in any manner whatsoever the right or power of the Company (or any Parent or Subsidiary of the Company) to terminate Optionee’s employment or other relationship with Company (or the Parent or Subsidiary of the Company) at any time, for any reason or no reason, with or without Cause.

3. **COMPANY’S RIGHT OF FIRST REFUSAL.** Before any Vested Purchased Shares held by the Optionee or any transferee of such Vested Purchased Shares (either sometimes referred to herein as the “**Holder**”) may be sold or otherwise transferred (including, without limitation, a transfer by gift or operation of law), the Company and/or its assignee(s) will have a right of first refusal to purchase the Vested Purchased Shares to be sold or transferred (the “**Offered Purchased Shares**”) on the terms and conditions set forth in this Section (the “**Right of First Refusal**”).

3.1. **Notice of Proposed Transfer.** The Holder of the Offered Purchased Shares will deliver to the Company a written notice (the “**Notice of Transfer**”) stating: (i) the Holder’s bona fide intention to sell or otherwise transfer the Offered Purchased Shares; (ii) the name and address of each proposed purchaser or other transferee (the “**Proposed Transferee**”); (iii) the number of Offered Purchased Shares to be transferred to each Proposed Transferee; (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Offered Purchased Shares (the “**Offered Price**”); and (v) that the Holder acknowledges this Notice of Transfer is an offer to sell the Offered Purchased Shares to the Company and/or its assignee(s) pursuant to the Company’s Right of First Refusal at the Offered Price as provided for in this Exercise Agreement.

3.2. **Exercise of Right of First Refusal.** At any time within thirty (30) days after the date of the Notice of Transfer, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all (or, with the consent of the Holder, less than all) the Offered Purchased Shares proposed to be transferred to any one or more of the Proposed Transferees named in the Notice of Transfer, at the purchase price, determined as specified below.

3.3. **Purchase Price.** The purchase price for the Offered Purchased Shares purchased under this Section will be the Offered Price, provided that if the Offered Price consists of no legal consideration (as, for example, in the case of a transfer by gift) the purchase price will be the fair market value of the Offered Purchased Shares as determined in good faith by the Company’s Board of Directors. If the Offered Price includes consideration other than cash, then the value of the non-cash consideration, as determined in good faith by the Company’s Board of Directors, will conclusively be deemed to be the cash equivalent value of such non-cash consideration.

3.4. **Payment.** Payment of the purchase price for the Offered Purchased Shares will be payable, at the option of the Company and/or its assignee(s) (as applicable), by check or by cancellation of all or a portion of any outstanding purchase money indebtedness owed by the Holder to the Company (or to such assignee, in the case of a purchase of Offered Purchased Shares by such assignee) or by any combination thereof. The purchase price will be paid without interest within sixty (60) days after the Company’s receipt of the Notice of Transfer, or, at the option of the Company and/or its assignee(s), in the manner and at the time(s) set forth in the Notice of Transfer.

3.5. **Holder’s Right to Transfer.** If all of the Offered Purchased Shares proposed in the Notice of Transfer 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 Offered Purchased Shares to each Proposed Transferee at the Offered Price or at a higher price, provided that (i) such sale or other transfer is consummated within one hundred twenty (120) days after the date of the Notice of Transfer, (ii) any such sale or other transfer is effected in compliance with all applicable securities laws, and (iii) each Proposed Transferee agrees in writing that the provisions of this Section will continue to apply to the Offered Purchased Shares in the hands of such Proposed Transferee. If the Offered Purchased Shares described in the Notice of Transfer are not transferred to each Proposed Transferee within such one hundred twenty (120) day period, then a new Notice of Transfer must be given to the Company pursuant to which the Company will again be offered the Right of First Refusal before any Purchased Shares held by the Holder may be sold or otherwise transferred.

3.6. **Exempt Transfers.** Notwithstanding anything to the contrary in this Section, the following transfers of Vested or Unvested Purchased Shares will be exempt from the Right of First Refusal: (i) the transfer of any or all of the Vested or Unvested Purchased Shares during the Optionee’s lifetime by gift or on the Optionee’s death by will or intestacy to the Optionee’s Immediate Family (as defined below) or to a trust for the benefit of the Optionee or the Optionee’s Immediate Family, provided that each transferee or other recipient agrees in a writing satisfactory to the Company that the provisions of this Section will continue to apply to the transferred Vested or Unvested Purchased Shares in the hands of such transferee or other recipient; (ii) any transfer or conversion of Vested Purchased Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations (except that the Right of First Refusal will continue to apply thereafter to such Vested Purchased Shares, in which case the surviving corporation of such merger or consolidation shall succeed to the rights of the Company under this Section unless (i) the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered

under the Securities Exchange Act of 1934, as amended; or (ii) the agreement of merger or consolidation expressly otherwise provides); or (iii) any transfer of Vested Purchased Shares pursuant to the winding up and dissolution of the Company. As used herein, the term “**Immediate Family**” will mean the Optionee’s spouse, the lineal descendant or antecedent, father, mother, brother or sister, child, adopted child, grandchild or adopted grandchild of the Optionee or the Optionee’s spouse, or the spouse of any of the above.

3.7. **Termination of Right of First Refusal.** The Right of First Refusal will terminate as to all Purchased Shares (i) on the effective date of the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC under the Securities Act (other than a registration statement relating solely to the issuance of Common Stock pursuant to a business combination or an employee incentive or benefit plan) or (ii) on any transfer or conversion of Purchased Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations if the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered under the Securities Exchange Act of 1934, as amended.

3.8. **Encumbrances on Vested Purchased Shares.** The Optionee may grant a lien or security interest in, or pledge, hypothecate or encumber Vested Purchased Shares only if each party to whom such lien or security interest is granted, or to whom such pledge, hypothecation or other encumbrance is made, agrees in a writing satisfactory to the Company that: (i) such lien, security interest, pledge, hypothecation or encumbrance will not apply to such Vested Purchased Shares after they are acquired by the Company and/or its assignees under this Section; and (ii) the provisions of this Section will continue to apply to such Vested Purchased Shares in the hands of such party and any transferee of such party. The Optionee may not grant a lien or security interest in, or pledge, hypothecate or encumber, any Unvested Purchased Shares.

4. **RIGHTS AS A STOCKHOLDER.** Subject to the terms and conditions of this Exercise Agreement, the Optionee will have all of the rights of a stockholder of the Company with respect to the Purchased Shares from and after the date that Purchased Shares are issued to the Optionee until such time as the Optionee disposes of the Purchased Shares or the Company and/or its assignee(s) exercise(s) the Right of Repurchase or Right of First Refusal. Upon an exercise of the Right of Repurchase or Right of First Refusal, the Optionee will have no further rights as a holder of the Purchased Shares so purchased upon such exercise, other than the right to receive payment for the Purchased Shares so purchased in accordance with the provisions of this Exercise Agreement, and the Optionee will promptly surrender the stock certificate(s) evidencing the Purchased Shares so purchased to the Company for transfer or cancellation.

5. **ESCROW.** As security for the Optionee’s faithful performance of this Exercise Agreement, the Optionee agrees, immediately upon receipt of the stock certificate(s) evidencing the Purchased Shares, to deliver such certificate(s), together with the Stock Powers executed by the Optionee and by the Optionee’s spouse, if any (with the date and number of Purchased Shares left blank), to the Secretary of the Company or other designee of the Company (the “**Escrow Holder**”), who is hereby appointed to hold such certificate(s) and Stock Powers in escrow and to take all such actions and to effectuate all such transfers and/or releases of such Purchased Shares as are in accordance with the terms of this Exercise Agreement. The Optionee and the Company agree that Escrow Holder will not be liable to any party to this Exercise Agreement (or to any other party) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Exercise Agreement. Escrow Holder may rely upon any letter, notice or other document executed with any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Exercise Agreement. The Purchased Shares will be released from escrow upon termination of both the Right of Repurchase Option and Right of First Refusal.

6. **RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS.**

6.1. **Legends.** The Optionee understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Purchased Shares, together with any other legends that may be required by state or U.S. Federal securities laws, the Company’s Certificate of Incorporation or Bylaws, any other agreement between the Optionee and the Company or any agreement between the Optionee and any third party:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON PUBLIC RESALE AND TRANSFER, INCLUDING THE REPURCHASE AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S), AS SET FORTH IN A STOCK OPTION EXERCISE NOTICE AND AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH PUBLIC SALE AND TRANSFER RESTRICTIONS, INCLUDING THE RIGHT OF REPURCHASE AND RIGHT OF FIRST REFUSAL, ARE BINDING ON TRANSFEREES OF THESE SHARES.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A 180 DAY MARKET STANDOFF RESTRICTION AS SET FORTH IN A CERTAIN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED PRIOR TO 180 DAYS AFTER THE EFFECTIVE DATE OF ANY PUBLIC OFFERING OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

6.2. **Stop-Transfer Instructions.** The Optionee agrees that, to ensure compliance with the restrictions imposed by this Exercise Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

6.3. **Refusal to Transfer.** The Company will not be required (i) to transfer on its books any Purchased Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Agreement or (ii) to treat as owner of such Purchased Shares, or to accord the right to vote or pay dividends to any Optionee or other transferee to whom such Purchased Shares have been so transferred.

7. **SUCCESSORS AND ASSIGNS.** The Company may assign any of its rights under this Exercise Agreement, including its right to purchase Purchased Shares under the Right of First Refusal. This Exercise Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Agreement will be binding upon the Optionee and the Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

8. **GOVERNING LAW; SEVERABILITY.** This Exercise Agreement shall be governed by and construed in accordance with the internal laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within California. If any provision of this Exercise Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

9. **ENTIRE AGREEMENT.** The applicable Elance Plan, the applicable Notice of Stock Option Grant, the applicable Stock Option Agreement and the Exercise Agreement, together with all Annexes and Exhibits thereto, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Exercise Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties hereto with respect to the specific subject matter hereof.

EXHIBIT 1

ELECTION UNDER SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned Taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the excess, if any, of the fair market value of the property described below at the time of transfer over the amount paid for such property, as compensation for services in the calculation of: (1) regular gross income; (2) alternative minimum taxable income; or (3) disqualifying disposition gross income, as the case may be.

1. TAXPAYER'S NAME: «Optionee»
TAXPAYER'S ADDRESS:
SOCIAL SECURITY NUMBER:

- 2. The property with respect to which the election is made is described as follows: shares of Common Stock of Upwork Inc., a Delaware corporation (the "Company") which were transferred upon exercise of an option by Company, which is Taxpayer's employer or the corporation for whom the Taxpayer performs services.
3. The date on which the shares were transferred pursuant to the exercise of the option was, and this election is made for calendar year.
4. The shares received upon exercise of the option are subject to the following restrictions: The Company may repurchase all or a portion of the shares at the lower of (a) Taxpayer's original purchase price per share or (b) the then fair market value per share of the shares, under certain conditions at the time of Taxpayer's termination of employment or services.
5. The fair market value of the shares (without regard to restrictions other than restrictions which by their terms will never lapse) was \$ per share x shares = \$ at the time of exercise of the option.
6. The amount paid for such shares upon exercise of the option was \$ per share x shares = \$.
7. The Taxpayer has submitted a copy of this statement to the Company.
8. The amount to include in gross income is \$. [The result of the amount reported in Item 5 minus the amount reported in Item 6.]

THIS ELECTION MUST BE FILED WITH THE INTERNAL REVENUE SERVICE ("IRS"), AT THE OFFICE WHERE THE TAXPAYER FILES ANNUAL INCOME TAX RETURNS, WITHIN 30 DAYS AFTER THE DATE OF TRANSFER OF THE SHARES, AND MUST ALSO BE FILED WITH THE TAXPAYER'S INCOME TAX RETURNS FOR THE CALENDAR YEAR. THE ELECTION CANNOT BE REVOKED WITHOUT THE CONSENT OF THE IRS.

Dated:
«Optionee»

UPWORK INC.

2018 EQUITY INCENTIVE PLAN

(Adopted August 30, 2018)

1. PURPOSE. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, and any Parents, Subsidiaries and Affiliates that exist now or in the future, by offering them an opportunity to participate in the Company's future performance through the grant of Awards. Capitalized terms not defined elsewhere in the text are defined in Section 28.

2. SHARES SUBJECT TO THE PLAN.

(a) Number of Shares Available. Subject to Sections 2.6 and 21 and any other applicable provisions hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan as of the date of adoption of the Plan by the Board is Ten Million Five Hundred Thousand (10,500,000) Shares plus (a) any reserved shares not issued or subject to outstanding grants under the Company's 2014 Equity Incentive Plan (the "**2014 Plan**") on the Effective Date, plus (b) shares that are subject to stock options or other awards granted under the 2014 Plan, that cease to be subject to such stock options or other awards, by forfeiture or otherwise, after the Effective Date, (c) shares issued under the 2014 Plan before or after the Effective Date pursuant to the exercise of stock options that are forfeited after the Effective Date, (d) shares issued under the 2014 Plan that are repurchased by the Company at the original issue price and (e) shares that are subject to stock options or other awards under the 2014 Plan that are used to pay the Exercise Price of an option or withheld to satisfy the tax withholding obligations related to any award. For clarity, shares issuable under the 2014 Plan includes all shares issuable under the oDesk Corporation 2004 Stock Plan, the Elance 1999 Stock Option Plan, and the Elance 2009 Stock Option Plan as provided in Section 2.1 of the 2014 Plan.

2.2. Lapsed, Returned Awards. Shares subject to Awards, and Shares issued under the Plan under any Award, will again be available for grant and issuance in connection with subsequent Awards under this Plan to the extent such Shares: (a) are subject to issuance upon exercise of an Option or SAR granted under this Plan but which cease to be subject to the Option or SAR for any reason other than exercise of the Option or SAR; (b) are subject to Awards granted under this Plan that are forfeited or are repurchased by the Company at the original issue price; (c) are subject to Awards granted under this Plan that otherwise terminate without such Shares being issued; or (d) are surrendered pursuant to an Exchange Program. To the extent an Award under the Plan is paid out in cash or other property rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Shares used to pay the Exercise Price of an Award or withheld to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. For the avoidance of doubt, Shares that otherwise become available for grant and issuance because of the provisions of this Section 2.2 shall not include Shares subject to Awards that initially became available because of the substitution clause in Section 21.2 hereof.

2.3. Minimum Share Reserve. At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Awards granted under this Plan.

2.4. Automatic Share Reserve Increase. The number of Shares available for grant and issuance under the Plan shall be increased on January 1, of each of 2019 through 2028, by five percent (5%) of the total number of Shares and shares of preferred stock of the Company outstanding (on an as-converted to common stock basis) on the immediately preceding December 31 (rounded down to the nearest whole share); provided, that the Board or the Committee may in its sole discretion reduce the amount of the increase in any particular year.

2.5. ISO Limitation. No more than One Hundred Five Million (105,000,000) Shares shall be issued pursuant to the exercise of ISOs.

2.6. Adjustment of Shares. If the outstanding Shares are changed by a stock dividend, extraordinary dividends or distributions (whether in cash, shares or other property, other than a regular cash dividend), spin-off, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then (a) the number and class of Shares reserved for issuance and future grant under the Plan set forth in Section 2.1, (b) the Exercise Prices of and number and class of Shares subject to outstanding Options and SARs, (c) the number and class of Shares subject to other outstanding Awards, and (d) the maximum number and class of Shares that may be issued as ISOs set forth in Section 2.5, shall be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities or other laws; provided that fractions of a Share will not be issued. If, by reason of an adjustment pursuant to this Section 2.6, a Participant's Award Agreement or other agreement related to any Award or the Shares subject to such Award covers additional or different shares of stock or securities, then such additional or different shares, and the Award Agreement or such other agreement in respect thereof, shall be subject to all of the terms, conditions and restrictions which were applicable to the Award or the Shares subject to such Award prior to such adjustment.

3. ELIGIBILITY. ISOs may be granted in the Company's sole discretion only to Employees. All other Awards may be granted in the Company's sole discretion to Employees, Consultants, Directors and Non-Employee Directors; provided such Consultants, Directors and Non-Employee Directors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. Nothing in this Plan creates an entitlement or right in any Employee, Consultant, Director and Non-Employee Director to any Award unless and until such Award is granted as provided in the Plan.

4. ADMINISTRATION.

4.1. Committee Composition; Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan, except, however, the Board shall establish the terms for the grant of an Award to Non-Employee Directors. The Committee will have the authority to:

- (a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;
- (b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;
- (c) select persons to receive Awards;

(d) determine the form and terms and conditions, not inconsistent with the terms of the Plan, 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 vest and be exercised (which may be based on performance criteria) or settled, any vesting acceleration or waiver of forfeiture restrictions, the method to satisfy tax withholding obligations or any other tax liability legally due and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Committee will determine;

- (e) determine the number of Shares or other consideration subject to Awards;

(f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;

(g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary or Affiliate;

(h) grant waivers of Plan or Award conditions;

(i) determine the vesting, exercisability and payment of Awards;

(j) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(k) determine whether an Award has been earned or has vested;

(l) determine the terms and conditions of any, and to institute any Exchange Program;

(m) reduce or waive any criteria with respect to Performance Factors;

(n) adjust Performance Factors to take into account changes in law and accounting or tax rules as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships;

(o) adopt rules and/or procedures (including the adoption of any subplan under this Plan) relating to the operation and administration of the Plan to accommodate requirements of local law and procedures outside of the United States or qualify Awards for special tax treatment under laws of jurisdictions other than the United States;

(p) make all other determinations necessary or advisable for the administration of this Plan;

(q) delegate any of the foregoing to one or more executive officers pursuant to a specific delegation as permitted by applicable law, including Section 157(c) of the Delaware General Corporation Law; and

(r) to exercise negative discretion on Performance Awards, reducing or eliminating the amount to be paid to Participants.

4.2. Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement shall be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and the Participant. The Committee may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution shall be final and binding on the Company and the Participant.

4.3. Documentation. The Award Agreement for a given Award, the Plan and any other documents may be delivered to, and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that meets applicable legal requirements.

4.4. Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws and practices in other countries in which the Company and its Subsidiaries and Affiliates operate or have employees or other persons eligible for Awards, the Committee, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries and Affiliates shall be covered by the Plan; (b) determine which individuals outside the United States are eligible to participate in the Plan, which may include individuals who provide services to the Company, Subsidiary or Affiliate under an agreement with a foreign nation or agency; (c) modify the terms and conditions of any Award granted to individuals outside the United States or foreign nationals to comply with applicable foreign laws, policies, customs and practices; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Section 2.1 hereof; and (e) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

5. OPTIONS. An Option is the right but not the obligation to purchase a Share, subject to certain conditions, if applicable. The Committee may grant Options to eligible Employees, Consultants and Directors and will determine whether such Options will be Incentive Stock Options within the meaning of the Code (“**ISOs**”) or Nonqualified Stock Options (“**NSOs**”), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may vest and be exercised, and all other terms and conditions of the Option, subject to the following terms of this section.

5.1. Option Grant. Each Option granted under this Plan will identify the Option as an ISO or an NSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in advance in the Participant’s individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Committee will: (a) determine the nature, length and starting date of any Performance Period for each Option; and (b) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

5.2. Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, or a specified future date. The Award Agreement will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3. Exercise Period. Options may be vested and exercisable within the times or upon the conditions as set forth in the Award Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary (“**Ten Percent Stockholder**”), will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4. Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted; provided that: (a) the Exercise Price of an Option will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant and (b) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 11 and the Award Agreement and in accordance with any procedures established by the Company.

5.5. Method of Exercise. Any Option granted hereunder will be vested and exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Committee and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company receives: (a) notice of exercise (in such form as the Committee may specify from time to time) from the person entitled to exercise the Option (and/or via electronic execution through the authorized third-party administrator), and (b) full payment for the Shares with respect to which the Option is exercised together with applicable withholding taxes. Full payment may consist of any consideration and method of payment authorized by the Committee and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant. 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 stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will 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 2.6 of the Plan. Exercising an Option in any manner will decrease 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.

5.6. Termination of Service. If the Participant's Service terminates for any reason except for Cause or the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates no later than three (3) months after the date Participant's Service terminates (or such shorter or longer time period as may be determined by the Committee, with any exercise beyond three (3) months after the date Participant's employment terminates deemed to be the exercise of an NSO), but in any event no later than the expiration date of the Options, except as required by applicable law.

(a) **Death.** If the Participant's Service terminates because of the Participant's death (or the Participant dies within three (3) months after Participant's Service terminates other than for Cause or because of the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates and must be exercised by the Participant's legal representative, or authorized assignee, no later than twelve (12) months after the date Participant's Service terminates (or such shorter or longer time period as may be determined by the Committee), but in any event no later than the expiration date of the Options, except as required by applicable law.

(b) **Disability.** If the Participant's Service terminates because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates and must be exercised by the Participant (or the Participant's legal representative or authorized assignee) no later than twelve (12) months after the date Participant's Service terminates (or such shorter or longer time period as may be determined by the Committee, with any exercise beyond (a) three (3) months after the date Participant's employment terminates when the termination of Service is for a Disability that is not a "permanent and total disability" as defined in Section 22(e)(3) of the Code, or (b) twelve (12) months after the date Participant's employment terminates when the termination of Service is for a Disability that is a "permanent and total disability" as defined in Section 22(e)(3) of the Code, deemed to be exercise of an NSO), but in any event no later than the expiration date of the Options.

(c) **Cause.** If the Participant's Service is terminated for Cause, then Participant's Options shall expire on such Participant's date of termination of Service, or at such later time and on such conditions as are determined by the Committee, but in any event no later than the expiration date of the Options. Unless otherwise provided in an employment agreement, the Award Agreement or other applicable agreement, Cause shall have the meaning set forth in the Plan.

5.7. Limitations on ISOs. With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as NSOs. For purposes of this Section 5.8, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.8. Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted, unless for the purpose of complying with applicable laws and regulations. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 18 of this Plan, by written notice to affected Participants, the Committee may reduce the Exercise Price of outstanding Options without the consent of such Participants by a written notice to them; provided, however, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 for Options granted on the date the action is taken to reduce the Exercise Price.

5.9. No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the written consent of the Participant, to disqualify any Participant's ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS. A Restricted Stock Award is an offer by the Company to sell to an eligible Employee, Consultant, or Director Shares that are subject to restrictions ("**Restricted Stock**"). The Committee will determine to whom an offer will be made, the number of Shares the Participant may purchase, the Purchase Price, the restrictions under which the Shares will be subject and all other terms and conditions of the Restricted Stock Award, subject to the Plan.

6.1. Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by an Award Agreement. Except as may otherwise be provided in an Award Agreement, a Participant accepts a Restricted Stock Award by signing and delivering to the Company an Award Agreement with full payment of the Purchase Price, within thirty (30) days from the date the Award Agreement was delivered to the Participant. If the Participant does not accept such Award within thirty (30) days, then the offer of such Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.2. Purchase Price. The Purchase Price for Shares issued pursuant to a Restricted Stock Award will be determined by the Committee on the date the Restricted Stock Award is granted and, if permitted by law, no cash consideration will be required in connection with the payment for the Purchase Price where the Committee provides that payment shall be in the form of services rendered. Payment of the Purchase Price must be made in accordance with Section 11 of the Plan, and the Award Agreement and in accordance with any procedures established by the Company.

6.3. Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to such restrictions as the Committee may impose or are required by law. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of Performance Factors, if any, during any Performance Period as set out in advance in the Participant's Award Agreement. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.4. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

6.5. Dividends and Other Distributions. Participants holding Restricted Stock Awards will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Committee provides otherwise at the time the Award is granted. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Restricted Stock Awards with respect to which they were paid.

7. STOCK BONUS AWARDS. A Stock Bonus Award is an award to an eligible Employee, Consultant, or Director of Shares for Services to be rendered or for past Services already rendered to the Company or any Parent, Subsidiary or Affiliate. All Stock Bonus Awards shall be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award.

7.1. Terms of Stock Bonus Awards. The Committee will determine the number of Shares to be awarded to the Participant under a Stock Bonus Award and any restrictions thereon. These restrictions may be based upon completion of a specified number of years of service with the Company or upon satisfaction of performance goals based on Performance Factors during any Performance Period as set out in advance in the Participant's Stock Bonus Agreement. Prior to the grant of any Stock Bonus Award the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus Award; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonus Awards that are subject to different Performance Periods and different performance goals and other criteria.

7.2. Form of Payment to Participant. Payment may be made in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value of the Shares earned under a Stock Bonus Award on the date of payment, as determined in the sole discretion of the Committee.

7.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

8. STOCK APPRECIATION RIGHTS. A Stock Appreciation Right ("**SAR**") is an award to an eligible Employee, Consultant, or Director that may be settled in cash, or Shares (which may consist of Restricted Stock), having a value equal to (a) the difference between the Fair Market Value on the date of exercise over the Exercise Price multiplied by (b) the number of Shares with respect to which the SAR is being settled (subject to any maximum number of Shares that may be issuable as specified in an Award Agreement). All SARs shall be made pursuant to an Award Agreement.

8.1. Terms of SARs. The Committee will determine the terms of each SAR including, without limitation: (a) the number of Shares subject to the SAR; (b) the Exercise Price and the time or times during which the SAR may be settled; (c) the consideration to be distributed on settlement of the SAR; and (d) the effect of the Participant's termination of Service on each SAR. The Exercise Price of the SAR will be determined by the Committee when the SAR is granted, and may not be less than Fair Market Value on the date of grant. A SAR may be awarded upon satisfaction of Performance Factors, if any, during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the SAR is being earned upon the satisfaction of Performance Factors, then the Committee will: (i) determine the nature, length and starting date of any Performance Period for each SAR; and (ii) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to SARs that are subject to different Performance Factors and other criteria.

8.2. Exercise Period and Expiration Date. A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The SAR Agreement shall set forth the expiration date; provided that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted. The Committee may also provide for SARs to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the attainment during a Performance Period of performance goals based on Performance Factors), in such number of Shares or percentage of the Shares subject to the SAR as the Committee determines. Except as may be set forth in the Participant's Award Agreement, vesting ceases on the date Participant's Service terminates (unless determined otherwise by the Committee). Notwithstanding the foregoing, the rules of Section 5.6 also will apply to SARs.

8.3. Form of Settlement. Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying (a) the difference between the Fair Market Value of a Share on the date of exercise over the Exercise Price; times (b) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from the Company for the SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof. The portion of a SAR being settled may be paid currently or on a deferred basis with such interest or Dividend Equivalent Right, if any, as the Committee determines, provided that the terms of the SAR and any deferral satisfy the requirements of Section 409A of the Code.

8.4. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

9. RESTRICTED STOCK UNITS. A Restricted Stock Unit ("**RSU**") is an award to an eligible Employee, Consultant, or Director covering a number of Shares that may be settled in cash or by issuance of those Shares (which may consist of Restricted Stock). No Purchase Price shall apply to an RSU settled in Shares. All RSUs shall be made pursuant to an Award Agreement.

9.1. Terms of RSUs. The Committee will determine the terms of an RSU including, without limitation: (a) the number of Shares subject to the RSU; (b) the time or times during which the RSU may be settled; (c) the consideration to be distributed on settlement; and (d) the effect of the Participant's termination of Service on each RSU; provided that no RSU shall have a term longer than ten (10) years. An RSU may be awarded upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in advance in the Participant's Award Agreement. If the RSU is being earned upon satisfaction of Performance Factors, then the Committee will: (i) determine the nature, length and starting date of any Performance Period for the RSU; (ii) select from among the Performance Factors to be used to measure the performance, if any; and (iii) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

9.2. Form and Timing of Settlement. Payment of earned RSUs shall be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle earned RSUs in cash, Shares, or a combination of both. The Committee may also permit a Participant to defer payment under a RSU to a date or dates after the RSU is earned provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code.

9.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

9.4. Dividend Equivalent Payments. The Committee may permit Participants holding RSUs to receive dividend equivalent payments on outstanding RSUs if and when dividends are paid to stockholders on Shares. In the discretion of the Committee, such dividend equivalent payments may be paid in cash or Shares and they may either be paid at the same time as dividend payments are made to stockholders or delayed until Shares are issued pursuant to the RSU grants and may be subject to the same vesting or performance requirements as the RSUs. If the Committee permits dividend equivalent payments to be made on RSUs, the terms and conditions for such dividend equivalent payments will be set forth in the RSU Agreement.

10. PERFORMANCE AWARDS. A Performance Award is an award to an eligible Employee, Consultant, or Director that is based upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee, and may be settled in cash, Shares (which may consist of, without limitation, Restricted Stock), other property, or any combination thereof. Grants of Performance Awards shall be made pursuant to an Award Agreement that cites Section 10 of the Plan.

10.1. Types of Performance Awards. Performance Awards shall include Performance Shares, Performance Units, and cash-based Awards as set forth in Sections 10.1(a), 10.1(b), and 10.1(c) below.

(a) **Performance Shares.** The Committee may grant Awards of Performance Shares, designate the Participants to whom Performance Shares are to be awarded and determine the number of Performance Shares and the terms and conditions of each such Award.

(b) **Performance Units.** The Committee may grant Awards of Performance Units, designate the Participants to whom Performance Units are to be awarded and determine the number of Performance Units and the terms and conditions of each such Award.

(c) **Cash-Settled Performance Awards.** The Committee may also grant cash-settled Performance Awards to Participants under the terms of this Plan.

The amount to be paid under any Performance Award may be adjusted on the basis of such further consideration as the Committee shall determine in its sole discretion.

10.2. Terms of Performance Awards. Performance Awards will be based on the attainment of performance goals using the Performance Factors within this Plan that are established by the Committee for the relevant Performance Period. The Committee will determine, and each Award Agreement shall set forth, the terms of each Performance Award including, without limitation: (a) the amount of any cash bonus, (b) the number of Shares deemed subject to an award of Performance Shares; (c) the Performance Factors and Performance Period that shall determine the time and extent to which each award of Performance Shares shall be settled; (d) the consideration to be distributed on settlement, and (e) the effect of the Participant's termination of Service on each Performance Award. In establishing Performance Factors and the Performance Period the Committee will: (i) determine the nature, length and starting date of any Performance Period; (ii) select from among the Performance Factors to be used; and (z) determine the number of Shares deemed subject to the award of Performance Shares. Each

Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant. Prior to settlement the Committee shall determine the extent to which Performance Awards have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and different performance goals and other criteria.

10.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on the date Participant's Service terminates (unless determined otherwise by the Committee).

11. PAYMENT FOR SHARE PURCHASES. Payment from a Participant for Shares acquired pursuant to this Plan may be made in cash or cash equivalents or, where approved for the Participant by the Committee and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

(a) by cancellation of indebtedness of the Company owed to the Participant;

(b) by surrender of shares of Company common stock held by the Participant that are clear of all liens, claims, encumbrances or security interests that have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Shares as to which said Award will be exercised or settled;

(c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or a Parent, Subsidiary or Affiliate;

(d) by consideration received by the Company pursuant to a broker-assisted or other form of cashless exercise program implemented by the Company in connection with the Plan;

(e) by any combination of the foregoing; or

(f) by any other method of payment as is permitted by applicable law.

The Committee may limit the availability of any method of payment, to the extent the Committee determines, in its discretion, that such limitation is necessary or advisable to comply with applicable law or facilitate the administration of the Plan.

12. GRANTS TO NON-EMPLOYEE DIRECTORS. Non-Employee Directors are eligible to receive any type of Award offered under this Plan except ISOs. Awards pursuant to this Section 12 may be automatically made pursuant to policy adopted by the Board, or made from time to time as determined in the discretion of the Board. No Non-Employee Director may receive Awards under the Plan with an aggregate grant date fair value that, when combined with cash compensation received for service as a Non-Employee Director, exceeds \$1,000,000 in a calendar year. Grant date fair value for purposes of Awards to Non-Employee Directors under the Plan will be determined as follows: (a) for Options and SARs, grant date fair value will be calculated using the Black-Scholes valuation methodology on the date of grant of such Option or SAR and (b) for all other Awards, grant date fair value will be determined by either (i) calculating the product of the Fair Market Value per Share on the date of grant and the aggregate number of Shares subject to the Award or (ii) calculating the product using an average of the Fair Market Value over a number of trading days and the aggregate number of Shares subject to the Award. Awards granted to an individual while he or she was serving in the capacity as an Employee or while he or she was a Consultant but not a Non-Employee Director will not count for purposes of the limitations set forth in this Section 12.

12.1. Eligibility. Awards pursuant to this Section 12 shall be granted only to Non-Employee Directors. A Non-Employee Director who is elected or re-elected as a member of the Board will be eligible to receive an Award under this Section 12.

12.2. Vesting, Exercisability and Settlement. Except as set forth in Section 21, Awards shall vest, become exercisable and be settled as determined by the Board. With respect to Options and SARs, the Exercise Price granted to Non-Employee Directors shall not be less than the Fair Market Value of the Shares at the time that such Option or SAR is granted.

13. WITHHOLDING TAXES. Prior to any relevant taxable or tax withholding events in connection with the Awards under this Plan, the Company may require the Participant to pay or make adequate arrangements satisfactory to the Company with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related items related to the Participant's participation in this Plan and legally applicable to the Participant (collectively, "**Tax-Related Obligations**"). The Committee may, in its sole discretion and pursuant to such procedures as it may specify from time to time, require or permit a Participant to satisfy withholding obligations for such Tax-Related Obligations, in whole or in part by (without limitation) (a) paying cash, (b) having the Company withhold otherwise deliverable cash or Shares having a value equal to the Tax-Related Obligations to be withheld, (c) delivering to the Company already-owned Shares having a value equal to the Tax-Related Obligations to be withheld, or (d) withholding from proceeds of the sale of Shares issued pursuant to an Award either through a voluntary sale or through a mandatory sale arranged by the Company, *provided* that, in all instances, the satisfaction of the Tax-Related Obligations will not result in any adverse accounting consequence to the Company, as the Committee may determine in its sole discretion. The Company may withhold or account for these Tax-Related Obligations by considering applicable statutory withholding rates or other applicable withholding rates, including maximum rates for the applicable tax jurisdiction to the extent consistent with applicable laws. Unless otherwise determined by the Committee, the Fair Market Value of the Shares will be determined as of the date that the taxes are required to be withheld and such Shares shall be valued based on the value of the actual trade or, if there is none, the Fair Market Value of the Shares as of the previous trading day.

14. TRANSFERABILITY.

14.1. Transfer Generally. Unless determined otherwise by the Committee or pursuant to Section 14.2, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. If the Committee makes an Award transferable, including, without limitation, by instrument to an inter vivos or testamentary trust in which the Awards are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift or by domestic relations order to a Permitted Transferee, such Award will contain such additional terms and conditions as the Committee deems appropriate. All Awards shall be exercisable: (a) during the Participant's lifetime only by (i) the Participant, or (ii) the Participant's guardian or legal representative; (b) after the Participant's death, by the legal representative of the Participant's heirs or legatees; and (c) in the case of all awards except ISOs, by a Permitted Transferee.

14.2. Award Transfer Program. Notwithstanding any contrary provision of the Plan, the Committee shall have all discretion and authority to determine and implement the terms and conditions of any Award Transfer Program instituted pursuant to this Section 14.2 and shall have the authority to amend the terms of any Award participating, or otherwise eligible to participate in, the Award Transfer Program, including (but not limited to) the authority to (a) amend (including to extend) the expiration date, post-termination exercise period and/or forfeiture conditions of any such Award, (b) amend or remove any provisions of the Award relating to the Award holder's continued Service to the Company or its Parent, Subsidiary, or Affiliate, (c) amend the permissible payment methods with respect to the exercise or purchase of any such Award, (d) amend the adjustments to be implemented in the event of changes in the capitalization and other similar events with respect to such Award, and (e) make such other changes to the terms of such Award as the Committee deems necessary or appropriate in its sole discretion.

15. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.

15.1. Voting and Dividends. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any Dividend Equivalent Rights permitted by an applicable Award Agreement. In addition, the Committee may provide that any Dividend Equivalent Rights permitted by an applicable Award Agreement shall be deemed to have been reinvested in additional Shares or otherwise reinvested. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock; provided, further, that the Participant will have no right to retain such stock dividends or stock distributions with respect to Shares that are repurchased at the Participant's Purchase Price or Exercise Price, as the case may be, pursuant to Section 15.2. However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Award that the Participant shall be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Shares underlying an Award during the period beginning on the date the Award is granted and ending, with respect to each Share subject to the Award, on the earlier of the date on which the Award is exercised or settled or the date on which it is forfeited. Such Dividend Equivalent Rights, if any, shall be credited to the Participant in the form of additional whole Shares as of the date of payment of such cash dividends on Shares. Notwithstanding the foregoing, dividends and Dividend Equivalent Rights may accrue with respect to unvested Awards, but will not be paid or issued until such Award is fully vested and the Shares are issued to Participant and such Shares are no longer subject to any vesting requirements or repurchase rights on behalf of the Company.

15.2. Restrictions on Shares. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) a right to repurchase (a "**Right of Repurchase**") a portion of any or all Unvested Shares held by a Participant following such Participant's termination of Service at any time within ninety (90) days (or such longer or shorter time determined by the Committee) after the later of the date Participant's Service terminates and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Purchase Price or Exercise Price, as the case may be.

16. CERTIFICATES. All Shares or other securities whether or not certificated, delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable U.S. federal, state or foreign securities law, or any rules, regulations and other requirements of any stock exchange or automated quotation system upon which the Shares may be listed or quoted and any non-U.S. exchange controls or securities law restrictions to which the Shares are subject.

17. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all written or electronic certificate(s) representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificate(s). Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the

payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

18. REPRICING; EXCHANGE AND BUYOUT OF AWARDS. Without prior stockholder approval, the Committee may (a) reprice Options or SARs (and where such repricing is a reduction in the Exercise Price of outstanding Options or SARs, the consent of the affected Participants is not required provided written notice is provided to them, notwithstanding any adverse tax consequences to them arising from the repricing), and (b) with the consent of the respective Participants (unless not required pursuant to Section 5.8 of the Plan), pay cash or issue new Awards in exchange for the surrender and cancellation of any, or all, outstanding Awards.

19. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award will not be effective unless such Award is in compliance with all applicable U.S. and foreign federal and state securities and exchange control laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver written or electronic certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares or to effect compliance with the registration, qualification or listing requirements of any foreign, national or state securities laws, exchange control laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

20. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent, Subsidiary or Affiliate or limit in any way the right of the Company or any Parent, Subsidiary or Affiliate to terminate Participant's employment or other relationship at any time.

21. CORPORATE TRANSACTIONS.

21.1. Assumption or Replacement of Awards by Successor. In the event that the Company is subject to a Corporate Transaction, outstanding Awards acquired under the Plan shall be subject to the agreement evidencing the Corporate Transaction, which need not treat all outstanding Awards in an identical manner. Such agreement, without the Participant's consent, shall provide for one or more of the following with respect to all outstanding Awards as of the effective date of such Corporate Transaction:

(a) The continuation of an outstanding Award by the Company (if the Company is the successor entity).

(b) The assumption of an outstanding Award by the successor or acquiring entity (if any) of such Corporate Transaction (or by its parents, if any), which assumption, will be binding on all selected Participants; provided that the Exercise Price and the number and nature of shares issuable upon exercise of any such option or stock appreciation right, or any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code and/or Section 409A of the Code, as applicable.

(c) The substitution by the successor or acquiring entity in such Corporate Transaction (or by its parents, if any) of equivalent awards with substantially the same terms for such outstanding Awards (except that the Exercise Price and the number and nature of shares issuable upon exercise of any such option or stock appreciation right, or any award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code and/or Section 409A of the Code, as applicable).

(d) The full or partial acceleration of exercisability or vesting and accelerated expiration of an outstanding Award and lapse of the Company's right to repurchase or re-acquire shares acquired under an Award or lapse of forfeiture rights with respect to shares acquired under an Award.

(e) The settlement of the full value of such outstanding Award (whether or not then vested or exercisable) in cash, cash equivalents, or securities of the successor entity (or its parent, if any) with a Fair Market Value equal to the required amount, followed by the cancellation of such Awards; provided however, that such Award may be cancelled if such Award has no value, as determined by the Committee, in its discretion. Subject to Section 409A of the Code, such payment may be made in installments and may be deferred until the date or dates the Award would have become exercisable or vested. Such payment may be subject to vesting based on the Participant's continued service, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which the Award would have become vested or exercisable. For purposes of this Section 21.1(e), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

(f) The cancellation of outstanding Awards in exchange for no consideration.

The Board shall have full power and authority to assign the Company's right to repurchase or re-acquire or forfeiture rights to such successor or acquiring corporation. In addition, in the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, the Committee will notify the Participant in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period. Awards need not be treated similarly in a Corporate Transaction.

21.2. Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the Purchase Price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) of the Code and/or Section 409A of the Code, as applicable). In the event the Company elects to grant a new Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price. Substitute Awards shall not be deducted from the number of Shares authorized for grant under the Plan or authorized for grant to a Participant in a calendar year.

21.3. Non-Employee Directors' Awards. Notwithstanding any provision to the contrary herein, in the event of a Corporate Transaction, the vesting of all Awards granted to Non-Employee Directors shall accelerate and such Awards shall become exercisable (as applicable) in full prior to the consummation of such event at such times and on such conditions as the Committee determines.

22. ADOPTION AND STOCKHOLDER APPROVAL. This Plan shall be submitted for the approval of the Company's stockholders, consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board.

23. TERM OF PLAN/GOVERNING LAW. Unless earlier terminated as provided herein, this Plan will become effective on the Effective Date and will terminate ten (10) years from the date this Plan is adopted by the Board. This Plan and all Awards granted hereunder shall be governed by and construed in accordance with the laws of the State of Delaware (excluding its conflict of law rules).

24. AMENDMENT OR TERMINATION OF PLAN. The Board may at any time terminate or amend this Plan in any respect, including, without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval; provided further, that a Participant's Award shall be governed by the version of this Plan then in effect at the time such Award was granted. No termination or amendment of the Plan shall affect any then-outstanding Award unless expressly provided by the Committee; in any event, no termination or amendment of the Plan or any outstanding Award may adversely affect any then outstanding Award without the consent of the Participant, unless such termination or amendment is necessary to comply with applicable law, regulation or rule.

25. NON-EXCLUSIVITY OF THE PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and other equity awards and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

26. INSIDER TRADING POLICY. Each Participant who receives an Award shall comply with any policy adopted by the Company from time to time covering transactions in the Company's securities by Employees, officers and/or directors of the Company, as well as with any applicable insider trading or market abuse laws to which the Participant may be subject.

27. ALL AWARDS SUBJECT TO COMPANY CLAWBACK OR RECOUPMENT POLICY. All Awards shall, subject to applicable law, be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or the Committee or required by law during the term of Participant's employment or other service with the Company that is applicable to executive officers, employees, directors or other service providers of the Company, and in addition to any other remedies available under such policy and applicable law, may require the cancellation of outstanding Awards and the recoupment of any gains realized with respect to Awards.

28. DEFINITIONS. As used in this Plan, and except as elsewhere defined herein, the following terms will have the following meanings:

28.1. "Affiliate" means any person or entity that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, including any general partner, managing member, officer or director of the Company, in each case as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such person or entity, whether through the ownership of voting securities or by contract or otherwise.

28.2. "Award" means any award under the Plan, including any Option, Restricted Stock, Stock Bonus, Stock Appreciation Right, Restricted Stock Unit or award of Performance Shares or Performance Units.

28.3. "Award Agreement" means, with respect to each Award, the written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award, and country-specific appendix thereto for grants to non-U.S. Participants, which shall be in substantially a form (which need not be the same for each Participant) that the Committee (or in the case of Award agreements that are not used for Insiders, the Committee's delegate(s)) has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

28.4. "Award Transfer Program" means any program instituted by the Committee which would permit Participants the opportunity to transfer any outstanding Awards to a financial institution or other person or entity approved by the Committee.

28.5. "Board" means the Board of Directors of the Company.

28.6. "Cause" means Participant's (a) willful failure substantially to perform his or her duties and responsibilities to the Company or deliberate violation of a Company policy; (b) commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material injury to the Company; (c) unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; (d) misappropriation of a business opportunity of the Company; (e) provision of material aid to a competitor of the Company; or (f) willful breach of any of his or her obligations under any written agreement or covenant with the Company. The determination as to whether a Participant's Service is being terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time as provided in Section 20 above, and the term "Company" will be interpreted to include any Subsidiary or Parent, as appropriate. Notwithstanding the foregoing, the definition of "Cause" may, in part or in whole, be modified or replaced in each individual employment agreement, Award Agreement or other applicable agreement with any Participant, provided that such document supersedes the definition provided in this Section 28.6.

28.7. "Code" means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

28.8. "Committee" means the Compensation Committee of the Board or those persons to whom administration of the Plan, or part of the Plan, has been delegated as permitted by law.

28.9. "Company" means Upwork Inc. or any successor corporation.

28.10. "Consultant" means any natural person, including an advisor or independent contractor, engaged by the Company or a Parent, Subsidiary or Affiliate to render services to such entity.

28.11. "Corporate Transaction" means the occurrence of any of the following events:

(a) any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities; provided, however, that for purposes of this subclause (a) the acquisition of additional securities by any one Person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Corporate Transaction;

- (b) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (c) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation;
- (d) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the capital stock of the Company) or
- (e) a change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purpose of this subclause (e), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Corporate Transaction.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. Notwithstanding the foregoing, to the extent that any amount constituting deferred compensation (as defined in Section 409A of the Code) would become payable under this Plan by reason of a Corporate Transaction, such amount shall become payable only if the event constituting a Corporate Transaction would also qualify as a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, each as defined within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and IRS guidance that has been promulgated or may be promulgated thereunder from time to time.

28.12. "Director" means a member of the Board.

28.13. "Disability" means in the case of incentive stock options, total and permanent disability as defined in Section 22(e)(3) of the Code and in the case of other Awards, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

28.14. "Dividend Equivalent Right" means the right of a Participant, granted at the discretion of the Committee or as otherwise provided by the Plan, to receive a credit for the account of such Participant in an amount equal to the cash, stock or other property dividends in amounts equal equivalent to cash, stock or other property dividends for each Share represented by an Award held by such Participant.

28.15. "Effective Date" means the day immediately preceding the pricing of the Company's initial public offering, *provided* that the Board has adopted the Plan prior to, or on such date, subject to approval of the Plan by the Company's stockholders.

28.16. "Employee" means any person, including Officers and Directors, employed by the Company or any Parent, Subsidiary or Affiliate. For the avoidance of doubt, neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company and the definition of "Employee" herein shall not include Non-Employee Directors.

28.17. “Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

28.18. “Exchange Program” means a program pursuant to which (a) outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof) or (b) the Exercise Price of an outstanding Award is increased or reduced.

28.19. “Exercise Price” means, with respect to an Option, the price at which a holder may purchase the Shares issuable upon exercise of an Option and with respect to a SAR, the price at which the SAR is granted to the holder thereof.

28.20. “Fair Market Value” means, as of any date, the value of a share of the Company’s common stock determined as follows:

(a) if such common stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the common stock is listed or admitted to trading as reported in *The Wall Street Journal* or such other source as the Committee may determine;

(b) if such common stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or

(c) if none of the foregoing is applicable, by the Board or the Committee in good faith.

Notwithstanding the foregoing, with respect to any Award granted after the effectiveness of the Company’s registration statement relating to its initial public offering and prior to the first date upon which the Shares of the Company are listed (or approved for listing) on any securities exchange or designated (or approved for designation) as a national market security on an interdealer quotation system, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company’s final prospectus relating to its initial public offering.

28.21. “Insider” means an officer or director of the Company or any other person whose transactions in the Company’s common stock are subject to Section 16 of the Exchange Act.

28.22. “IRS” means the United States Internal Revenue Service.

28.23. “Non-Employee Director” means a Director who is not an Employee of the Company or any Parent, Subsidiary or Affiliate.

28.24. “Option” means an award of an option to purchase Shares pursuant to Section 5 or Section 12.

28.25. “Parent” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

28.26. “**Participant**” means a person who holds an Award under this Plan.

28.27. “**Performance Award**” means an award covering cash, Shares or other property granted pursuant to Section 10 or Section 12 of the Plan.

28.28. “**Performance Factors**” means any of the factors selected by the Committee and specified in an Award Agreement, from among the following objective measures, either individually, alternatively or in any combination, applied to the Company as a whole or any business unit or Subsidiary, either individually, alternatively, or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, to determine whether the performance goals established by the Committee with respect to applicable Awards have been satisfied:

(a) Profit Before Tax;

(b) Sales;

(c) Expenses;

(d) Billings;

(e) Revenue;

(f) Net revenue;

(g) Earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings, stock-based compensation expenses, depreciation and amortization);

(h) Operating income;

(i) Operating margin;

(j) Operating profit;

(k) Controllable operating profit, or net operating profit;

(l) Net Profit;

(m) Gross margin;

(n) Operating expenses or operating expenses as a percentage of revenue;

(o) Net income;

(p) Earnings per share;

(q) Total stockholder return;

(r) Market share;

(s) Return on assets or net assets;

(t) The Company’s stock price;

- (u) Growth in stockholder value relative to a pre-determined index;
- (v) Return on equity;
- (w) Return on invested capital;
- (x) Cash Flow (including free cash flow or operating cash flows)
- (y) Balance of cash, cash equivalents and marketable securities;
- (z) Cash conversion cycle;
- (aa) Economic value added;
- (bb) Individual confidential business objectives;
- (cc) Contract awards or backlog;
- (dd) Overhead or other expense reduction;
- (ee) Credit rating;
- (ff) Completion of an identified special project;
- (gg) Completion of a joint venture or other corporate transaction;
- (hh) Strategic plan development and implementation;
- (ii) Succession plan development and implementation;
- (jj) Improvement in workforce diversity;
- (kk) Employee satisfaction;
- (ll) Employee retention;
- (mm) Customer indicators and/or satisfaction;
- (nn) New product invention or innovation;
- (oo) Research and development expenses;
- (pp) Attainment of research and development milestones;
- (qq) Improvements in productivity;
- (rr) Bookings;
- (ss) Working-capital targets and changes in working capital;
- (tt) Attainment of objective operating goals and employee metrics; and
- (uu) Any other metric that is capable of measurement as determined by the Committee.

The Committee may, in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the Performance Factors to preserve the Committee's original intent regarding the Performance Factors at the time of the initial award grant. It is within the sole discretion of the Committee to make or not make any such equitable adjustments.

28.29. "Performance Period" means one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Factors will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award.

28.30. "Performance Share" means an Award granted pursuant to Section 10 or Section 12 of the Plan, consisting of a unit valued by reference to a designated number of Shares, the value of which may be paid to the Participant by delivery of Shares or, if set forth in the instrument evidencing the Award, of such property as the Committee shall determine, including, without limitation, cash, other property, or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee.

28.31. "Performance Unit" means an Award granted pursuant to Section 10 or Section 12 of the Plan, consisting of a unit valued by reference to a designated amount of property other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including, without limitation, cash, Shares, other property, or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee.

28.32. "Permitted Transferee" means any child, stepchild, grandchild, parent, stepparent, grandparent, 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) of the Employee, any person sharing the Employee's household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

28.33. "Plan" means this Upwork Inc. 2018 Equity Incentive Plan.

28.34. "Purchase Price" means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option or SAR.

28.35. "Restricted Stock Award" means an award of Shares pursuant to Section 6 or Section 12 of the Plan, or issued pursuant to the early exercise of an Option.

28.36. "Restricted Stock Unit" means an Award granted pursuant to Section 9 or Section 12 of the Plan.

28.37. "Service" shall mean service as an Employee, Consultant, Director or Non-Employee Director, subject to such further limitations as may be set forth in the Plan or the applicable Award Agreement. An Employee will not be deemed to have ceased to provide Service in the case of any leave of absence approved by the Company. In the case of any Employee on an approved leave of absence or a reduction in hours worked (for illustrative purposes only, a change in schedule from that of full-time to part-time), the Committee may make such provisions respecting suspension of or modification to vesting of the Award while on leave from the employ of the Company or a Parent, Subsidiary or Affiliate or during such change in working hours as it may deem appropriate, except that in no event may an Award be exercised after the expiration of the term set forth in the applicable Award Agreement. In the event of

military or other protected leave, if required by applicable laws, vesting shall continue for the longest period that vesting continues under any other statutory or Company approved leave of absence and, upon a Participant's returning from such leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act or other applicable law), he or she shall be given vesting credit with respect to Awards to the same extent as would have applied had the Participant continued to provide Service to the Company throughout the leave on the same terms as he or she was providing Service immediately prior to such leave. An employee shall have terminated employment as of the date he or she ceases to provide Service (regardless of whether the termination is in breach of local employment laws or is later found to be invalid) and employment shall not be extended by any notice period or garden leave mandated by local law, *provided, however*, that a change in status between an Employee, Consultant, Director or Non-Employee Director shall not terminate the service provider's Service, unless determined by the Committee, in its discretion. The Committee will have sole discretion to determine whether a Participant has ceased to provide Service and the effective date on which the Participant ceased to provide Service.

28.38. "Shares" means shares of the common stock of the Company and the common stock of any successor entity.

28.39. "Stock Appreciation Right" means an Award granted pursuant to Section 8 or Section 12 of the Plan.

28.40. "Stock Bonus" means an Award granted pursuant to Section 7 or Section 12 of the Plan.

28.41. "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

28.42. "Treasury Regulations" means regulations promulgated by the United States Treasury Department.

28.43. "Unvested Shares" means Shares that have not yet vested or are subject to a right of repurchase in favor of the Company (or any successor thereto).

**NOTICE OF STOCK OPTION GRANT
(GLOBAL)**

**UPWORK INC.
2018 EQUITY INCENTIVE PLAN
GRANT NUMBER:**

Unless otherwise defined herein, the terms defined in the Upwork Inc. (the "**Company**") 2018 Equity Incentive Plan (the "**Plan**") shall have the same meanings in this Notice of Stock Option Grant (the "**Notice of Grant**") and the attached Stock Option Agreement, including the Appendix attached hereto (the "**Appendix**"), which is generally applicable to you if you live or work outside the United States, and any special terms and conditions for your country set forth therein (collectively, the "**Option Agreement**"). You have been granted an Option to purchase Shares under the Plan subject to the terms and conditions of the Plan, this Notice of Grant and the Option Agreement.

Name: _____

Address: _____

Number of Shares: _____

Exercise Price Per Share: _____

Date of Grant: _____

Vesting Commencement Date: _____

Type of Option: _____ Non-Qualified Stock Option

_____ Incentive Stock Option

Expiration Date: _____; subject to earlier expiration as provided in the Plan or the Option Agreement.

Vesting Schedule: **[Sample vesting language:]** [This Option becomes vested and exercisable with respect to the first 25% of the Shares subject to this Option when you complete 12 months of continuous Service from the Vesting Commencement Date. Thereafter, this Option becomes vested and exercisable with respect to an additional 1/16th of the Shares subject to this Option when you complete each quarter of Service.] [Note: actual vesting language to match vesting schedule approved by the Board or Committee]

This Notice of Grant may be executed and delivered electronically, whether via the Company's intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By accepting this Option, you consent to the electronic delivery and acceptance as further set forth in the Option Agreement. You acknowledge that the vesting of the Option pursuant to this Notice of Grant is earned only by continuing Service, but you understand that your employment or consulting relationship with the Company or a Parent, Subsidiary or Affiliate is for an unspecified duration and can be terminated and that nothing in this Notice of Grant, the Option Agreement or the Plan changes the nature of that relationship. By accepting this Option, you and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, this Notice of Grant and the Option Agreement.

PARTICIPANT

UPWORK INC.

Signature: _____

By: _____

Print Name: _____

Its: _____

STOCK OPTION AGREEMENT

UPWORK INC. 2018
EQUITY INCENTIVE PLAN

You have been granted an Option by Upwork Inc. (the “**Company**”) under the 2018 Equity Incentive Plan (the “**Plan**”) to purchase Shares (the “**Option**”), subject to the terms, restrictions and conditions of the Plan, the Notice of Stock Option Grant (the “**Notice of Grant**”) and this Stock Option Agreement, including the Appendix, which is generally applicable to you if you live or work outside the United States, and any special terms and conditions for your country set forth therein (collectively, the “**Agreement**”).

1. Grant of Option. You have been granted the Option for the number of Shares set forth in the Notice of Grant at the Exercise Price per Share set forth in the Notice of Grant. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this 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 under Section 422 of the Code. However, if this Option is intended to be an ISO, to the extent that it exceeds the \$100,000 limit under Code Section 422(d), it shall be treated as a Nonqualified Stock Option (“**NSO**”).

2. Termination.

(a) **General Rule.** If your Service terminates for any reason except death or Disability, and other than for Cause, then this Option will expire at the close of business at Company headquarters on the date three months after your termination of Service (subject to the expiration detailed in Section 6 or as provided in the Plan). If your Service is terminated for Cause, this Option will expire upon the date of such termination.

You acknowledge and agree that the vesting schedule set forth in the Notice of Grant may change prospectively in the event that your service status changes between full and part-time status in accordance with Company policies relating to work schedules and vesting of awards. You acknowledge that the vesting of the Option pursuant to this Agreement is earned only by continuing Service.

(b) **Death; Disability.** If you die before your Service terminates (or you die within three months of your termination of Service other than for Cause), then this Option will expire at the close of business at Company headquarters on the date 12 months after the date of death (subject to the expiration detailed in Section 6 or as provided in the Plan). If your Service terminates because of your Disability, then this Option will expire at the close of business at Company headquarters on the date 12 months after your termination date (subject to the expiration detailed in Section 6 or as provided in the Plan).

(c) **Termination Date.** For purposes of this Option, your Service will be considered terminated as of the date you are no longer actively providing Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are employed or engaged or the terms of your employment or consulting agreement, if any), and your period of Service will not include any contractual notice period or any period of “garden leave” or similar period mandated under labor laws in the jurisdiction where you are employed or engaged or the terms of your employment or consulting agreement, if any. In case of any dispute as to whether and when your termination of Service has occurred for purposes of this Option, the Committee shall have the sole discretion to determine whether such termination has occurred (including whether you may still be considered to be providing Service while on a leave of absence) and the effective date of such termination.

(d) No Notice. You are responsible for keeping track of these exercise periods following your termination of Service for any reason. The Company is not obligated to provide further notice of such periods and you should not depend on the Company or the Plan Broker (as defined below) providing any such notice (even if such notices have been provided in the past or are provided in some but not all termination circumstances). In no event shall this Option be exercised later than the Expiration Date set forth in the Notice of Grant.

3. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in accordance with the vesting schedule set forth in the Notice of Grant and the applicable provisions of the Plan and this Agreement. In the event of your death, Disability, or other cessation of Service, the exercisability of the Option is governed by the applicable provisions of the Plan, the Notice of Grant and this Agreement. This Option may not be exercised for a fraction of a Share.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice in a form specified by the Company (the "**Exercise Notice**"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "**Exercised Shares**"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of a fully executed Exercise Notice accompanied by the aggregate Exercise Price and any applicable Tax-Related Obligations that are required to be withheld as detailed in Section 8 below.

(c) Exercise by Another. If another person wants to exercise this Option after it has been transferred to him or her in compliance with this Agreement, that person must prove to the Company's satisfaction that he or she is entitled to exercise this Option. That person must also complete the proper Exercise Notice form (as described above) and pay the Exercise Price (as described below) and any applicable Tax-Related Obligations that are required to be withheld as described in Section 8 below.

4. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at your election:

(a) your personal check, wire transfer, or a cashier's check;

(b) for U.S. taxpayers only: certificates for shares of Company stock that you own, along with any forms needed to effect a transfer of those shares to the Company; the value of the shares, determined as of the effective date of the Option exercise, will be applied to the Exercise Price. Instead of surrendering shares of Company stock, you may attest to the ownership of those shares on a form provided by the Company and have the same number of shares subtracted from the Exercised Shares issued to you. However, you may not surrender, or attest to the ownership of, shares of Company stock in payment of the Exercise Price of your Option if your action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to this Option for financial reporting purposes;

(c) cashless exercise through irrevocable directions to a securities broker approved by the Company to sell all or part of the Exercised Shares and to deliver to the Company from the sale proceeds an amount sufficient to pay the Exercise Price and any applicable Tax-Related Obligations that are required to be withheld. The balance of the sale proceeds, if any, will be delivered to you. The directions must be given by signing a special notice of exercise form provided by the Company; or

(d) other method authorized by the Company;

subject to any restrictions set forth in the Appendix or required by the Company for legal or administrative reasons.

5. Non-Transferability of Option. In general, except as provided below, only you may exercise this Option prior to your death. You may not transfer or assign this Option, except as provided below. For instance, you may not sell this Option or use it as security for a loan. If you attempt to do any of these things, this Option will immediately become invalid.

However, if you are a U.S. taxpayer, you may dispose of this Option in your will. If you are a U.S. taxpayer and this Option is designated as a NSO in the Notice of Grant, then the Committee may, in its sole discretion, allow you to transfer this Option as a gift to one or more family members. For purposes of this Agreement, "family member" means a child, stepchild, grandchild, parent, stepparent, grandparent, 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), any individual sharing your household (other than a tenant or employee), a trust in which one or more of these individuals have more than 50% of the beneficial interest, a foundation in which you or one or more of these persons control the management of assets, and any entity in which you or one or more of these persons own more than 50% of the voting interest. In addition, if you are a U.S. taxpayer and this Option is designated as a NSO in the Notice of Grant, then the Committee may, in its sole discretion, allow you to transfer this Option to your spouse or former spouse pursuant to a domestic relations order in settlement of marital property rights. The Committee will allow you to transfer this Option only if both you and the transferee(s) execute the forms prescribed by the Committee, which include the consent of the transferee(s) to be bound by this Agreement.

This Option may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during your lifetime only by you, your guardian, or legal representative, as permitted in the Plan and applicable local laws. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of you.

6. Term of Option. This Option shall in any event expire on the Expiration Date set forth in the Notice of Grant, which date is ten years after the grant date (five years after the grant date if this Option is designated as an ISO in the Notice of Grant and you are a Ten Percent Stockholder). You are responsible for keeping track of the Expiration Date. The Company is not obligated to provide notice of the Expiration Date and you should not depend on the Company or the Plan Broker (as defined below) providing any such notice (even if such notices have been provided in the past or are provided in some but not all circumstances).

7. Tax Consequences. You should consult a tax adviser for tax consequences relating to this Option in the jurisdiction(s) in which you are subject to tax. YOU SHOULD CONSULT A TAX ADVISER BEFORE ACCEPTING THIS OPTION, EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(a) **Exercising the Option.** You will not be allowed to exercise this Option unless you make arrangements acceptable to the Company to pay Tax-Related Obligations that are required to be withheld as further described in Section 8 below.

(b) **Notice of Disqualifying Disposition of ISO Shares.** If you sell or otherwise dispose of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, you shall immediately notify the Company in writing of such disposition. You agree that you may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current compensation paid to you.

8. Responsibility for Taxes. Regardless of any action the Company or, if different, your employer (the “**Employer**”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Obligations**”), you acknowledge that the ultimate liability for all Tax-Related Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Obligations in connection with any aspect of this Option, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise 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 this Option to reduce or eliminate your liability for Tax-Related Obligations or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Obligations in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Obligations in more than one jurisdiction.

Prior to exercise of the Option or any other relevant taxable or tax withholding event, as applicable, you shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy any withholding obligation the Company and/or the Employer may have for Tax-Related Obligations. In this regard, you authorize the Company and/or the Employer, and their respective agents, at their discretion, to withhold all applicable Tax-Related Obligations from your wages or other cash compensation paid to you by the Company and/or the Employer or by withholding from proceeds of the sale of the Shares either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf and you hereby authorize such sale pursuant to this authorization). The Committee may also authorize one or a combination of the following methods to satisfy Tax-Related Obligations: (a) payment by you to the Company or the Employer of an amount equal to the Tax-Related Obligations in cash, (b) having the Company withhold otherwise deliverable cash or Shares having a value equal to the Tax-Related Obligations to be withheld, (c) delivering to the Company already-owned Shares having a value equal to the Tax-Related Obligations to be withheld, or (d) any other arrangement approved by the Company and permissible under applicable law; in all cases, under such rules as may be established by the Committee and in compliance with the Company’s Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided, however, that if you are a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be a mandatory sale (unless the Committee shall establish an alternate method prior to the taxable or withholding event). You shall pay to the Company or the Employer any amount of Tax-Related Obligations that the Company or the Employer may be required to withhold as a result of your participation in the Plan or your issuance of Shares upon exercise of the Option that cannot be satisfied by the means previously described.

Depending on the withholding method, the Company may withhold or account for Tax-Related Obligations by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate in your jurisdiction in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Obligations is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Options, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Obligations.

Finally, you acknowledge that the Company has no obligation to deliver Shares or proceeds from the sale of Shares to you until you have satisfied the obligations in connection with the Tax-Related Obligations as described in this Section.

9. Nature of Grant. In accepting this Option, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of this Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of stock options, or benefits in lieu of stock options, even if stock options have been granted in the past;

(c) all decisions with respect to future stock options or other grants, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) this Option and any Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) this Option and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for any purpose including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement benefits or payments or welfare benefits or similar mandatory payments;

(g) unless otherwise agreed with the Company, this Option and any Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any Service you may provide as a director of a Subsidiary or Affiliate;

(h) the future value of the Shares underlying this Option is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the underlying Shares do not increase in value, this Option will have no value;

(j) if you exercise this Option and acquire Shares, the value of such Shares may increase or decrease, even below the Exercise Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of this Option resulting from the termination of your Service (for any reason whatsoever whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are providing Service or the terms of your employment or service agreement, if any); and

(l) neither the Company nor the Employer, nor any Parent, Subsidiary or Affiliate, shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of this Option or of any amounts due to you pursuant to the exercise of this Option or the Shares acquired upon exercise of this Option or the subsequent sale of any Shares acquired upon exercise.

10. Data Privacy.

(a) ***Declaration of Consent.*** *By accepting this Option and indicating consent by signing this Agreement or via the Company's online acceptance procedure, you are declaring that you agree with the data processing practices described herein and consent to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned below, including recipients located in countries which may not have a similar level of protection from the perspective of your country's data protection law.*

(b) ***Data Collection and Usage.*** *The Company and the Employer may collect, process and use certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Options granted under the Plan or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is your consent.*

(c) **Stock Plan Administration Service Providers.** The Company transfers Data to [insert broker] (“Plan Broker”), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(d) **International Data Transfers.** The Company and its service providers are based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. The Company’s legal basis, where required, for the transfer of Data is your consent.

(e) **Data Retention.** The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.

(f) **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant the Option under the Plan to you or administer or maintain your participation in the Plan.

(g) **Data Subject Rights.** You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you understand that you can contact your local human resources representative.

11. Acknowledgement. The Company and you agree that this Option is granted under and governed by the Notice of Grant, this Agreement and the provisions of the Plan (incorporated herein by reference). You: (i) acknowledge receipt of a copy of the Plan and the Plan prospectus, (ii) represent that you have carefully read and are familiar with their provisions and the provisions of the Notice of Grant and this Agreement, and (iii) hereby accept this Option subject to all of the terms and conditions set forth in this Agreement and those set forth in the Plan and the Notice of Grant. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice of Grant and this Agreement.

12. Consent to Electronic Delivery and Acceptance of All Plan Documents and Disclosures. By your acceptance of this Option, you consent to the electronic delivery of the Notice of Grant, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its securityholders (including, without limitation, annual reports and proxy statements) or other communications or information related to this Option. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company’s discretion. You acknowledge that you may receive from the Company a paper copy of any

documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at [insert email]. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at [insert email]. Finally, you understand that you are not required to consent to electronic delivery.

13. Compliance with Laws and Regulations. The exercise of this Option will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's common stock may be listed or quoted at the time of such issuance or transfer, which compliance the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Company's common stock with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company shall have unilateral authority to amend the Plan and this Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

14. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

15. Governing Law; Venue. This Agreement, all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflict of laws. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice of Grant and this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Clara County, California or the federal courts of the United States for the Northern District of California and no other courts.

16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

17. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall create a right to employment or other Service or be interpreted as forming or amending an employment, service contract or relationship with the Company and this Agreement shall not affect in any manner whatsoever any right or power of the Company, or a Parent, Subsidiary or Affiliate, to terminate your Service, for any reason, with or without Cause.

18. Lock-Up Agreement. In connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, you hereby agree not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration), except pursuant to a transfer for no consideration in accordance with Section 5 above, without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the public offering; provided however that, if during the last seventeen (17) days of the restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any Financial Industry Regulatory Authority rules, the restrictions imposed by this Section shall continue to apply until the end of the third trading day following the expiration of the fifteen (15)-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond two hundred sixteen (216) days after the effective date of the registration statement.

19. Award Subject to Company Clawback or Recoupment. To the extent permitted by applicable law, the Option shall be subject to clawback or recoupment pursuant to any clawback or recoupment policy adopted by the Board or the Committee or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your Option (whether vested or unvested) and the recoupment of any gains realized with respect to your Option.

20. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice of Grant constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning this Option are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

21. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that, depending on the laws of applicable jurisdictions, including but not limited to your country and the United States, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, Options) or rights linked to the value of Shares under the Plan during such times as you are considered to have "material non-public information" or "inside information" regarding the Company (as defined by the laws or regulations in the relevant jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

22. Foreign Asset/Account Reporting. You acknowledge that there may be certain foreign asset and/or account reporting requirements which may affect your ability to purchase or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country.

23. Language. You acknowledge that you are proficient in the English language and understand the provisions in this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

24. Appendix. Notwithstanding any provisions in this Agreement, this Option shall be subject to the Appendix if you live or work outside the United States, including any special terms and conditions set forth therein for your country. Moreover, if you relocate to a country other than the United States, then the Appendix, including the special terms and conditions for such country, will apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

25. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on this Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

26. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other Participant.

BY ACCEPTING THIS OPTION, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

**APPENDIX TO
STOCK OPTION AGREEMENT**

**UPWORK INC. 2018
EQUITY INCENTIVE PLAN**

Capitalized terms, unless explicitly defined in this Appendix, shall have the meanings given to them in the Agreement, the Notice of Grant or in the Plan.

Terms and Conditions

This Appendix includes special terms and conditions that govern this Option if you reside and/or work in one of the countries listed below. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the Agreement. If you are a citizen or resident of a country other than the country in which you are currently residing and/or working (or are considered as such for local law purposes), or if you transfer to another country after receiving this Option, the Company shall, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to you.

Notifications

This Appendix also includes information regarding securities, exchange control, tax and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of August 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you exercise this Option or at the time you sell Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your individual situation.

If you are a citizen or resident of a country other than the country in which you are currently residing and/or working (or are considered as such for local tax purposes), or if you transfer to another country after the grant of this Option, the information contained herein may not be applicable to you in the same manner.

GREECE

There are no country-specific provisions.

NORWAY

There are no country-specific provisions.

UNITED KINGDOM

Terms and Conditions

Taxes. The following provision supplements Section 8 (Taxes) of the Agreement:

Without limitation to Section 8 of the Agreement, you agree that you are liable for all Tax-Related Obligations and hereby covenant to pay all such Tax-Related Obligations, as and when requested by the Company or, if different, the Employer or by Her Majesty's Revenue & Customs ("**HRMC**") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Obligations that they are required to pay or withhold on your behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions ("**NICs**") may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for paying the Company or the Employer (as appropriate) the value of any employee NICs due on this additional benefit.

NIC Joint Election. As a condition of participation in the Plan and the exercise of the Option or receipt of any benefit in connection with the Option, you agree to accept any liability for secondary Class 1 NICs that may be payable by the Company or the Employer (or any successor to the Company or the Employer) in connection with the Option and any event giving rise to Tax-Related Obligations (the "**Employer NICs**"). The Employer NICs may be collected by the Company or the Employer using any of the methods described in the Plan or in Section 8 of the Agreement.

Without limitation to the foregoing, you agree to enter into a joint election with the Company and/or the Employer or another form of joint election formally approved by HMRC (the "**NIC Joint Election**"). You agree to execute any other consent or election required by the Company or the Employer in respect of the Employer NICs liability. You further agree to execute such other elections as may be required by any successor to the Company and/or the Employer for the purpose of continuing the effectiveness of your Joint Election.

If you do not enter into an NIC Joint Election prior to the applicable taxable event, you will not be entitled to exercise the Option and receive Shares (or receive any other benefit in connection with the Option) unless and until you enter into a NIC Joint Election, and no Shares or other benefit will be issued to you under the Plan, without any liability to the Company, the Employer or any Parent or Subsidiary or Affiliate.

UNITED STATES

There are no country-specific provisions.

**NOTICE OF RESTRICTED STOCK UNIT AWARD
(GLOBAL)**

**UPWORK INC.
2018 EQUITY INCENTIVE PLAN
GRANT NUMBER:**

Unless otherwise defined herein, the terms defined in the Upwork Inc. (the “**Company**”) 2018 Equity Incentive Plan (the “**Plan**”) shall have the same meanings in this Notice of Restricted Stock Unit Award (the “**Notice**”) and the attached Restricted Stock Unit Agreement, including the Appendix attached hereto (the “**Appendix**”), which is generally applicable to you if you live or work outside the United States, and any special terms and conditions for your country set forth therein (collectively, the “**RSU Agreement**”). You have been granted an award of Restricted Stock Units (“**RSUs**”) under the Plan subject to the terms and conditions of the Plan, this Notice and the attached RSU Agreement.

Name: _____
Address: _____
Number of RSUs: _____
Date of Grant: _____
Vesting Commencement Date: _____

Expiration Date: The earlier to occur of: (a) the settlement of all vested RSUs granted hereunder and (b) the tenth anniversary of the Date of Grant. The RSUs are subject to earlier expiration as provided in the Plan or the RSU Agreement.

Vesting Schedule: **[Sample vesting language:]** [25% of the total number of RSUs will vest on the twelve month anniversary of the Vesting Commencement Date and 1/16th of the total number of RSUs will vest on each quarterly anniversary thereafter so long as your Service continues.]
[Note: actual vesting language to match vesting schedule approved by the Board or Committee]

This Grant Notice may be executed and delivered electronically, whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By accepting this award of RSUs, you consent to the electronic delivery and acceptance as further set forth in the RSU Agreement. You acknowledge that the vesting of the RSUs pursuant to this Notice is earned only by continuing Service, but you understand that your employment or consulting relationship with the Company or a Parent, Subsidiary or Affiliate is for an unspecified duration and can be terminated and that nothing in this Notice of Grant, the RSU Agreement or the Plan changes the nature of that relationship. By accepting this award, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan, this Notice and the RSU Agreement.

PARTICIPANT

Signature: _____

Print Name: _____

UPWORK INC.

By: _____

Its: _____

**RESTRICTED STOCK UNIT AGREEMENT
UPWORK INC.
2018 EQUITY INCENTIVE PLAN**

You have been granted Restricted Stock Units (“**RSUs**”) by Upwork Inc. (the “**Company**”) subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the “**Notice**”) and this Restricted Stock Unit Agreement, including the Appendix, which is generally applicable to you if you live or work outside the United States, and any special terms and conditions for your country set forth therein (collectively, this “**RSU Agreement**”).

1. Settlement. Settlement of RSUs shall be made in the same calendar year as the applicable date of vesting under the vesting schedule set forth in the Notice; provided, however, that if the vesting date under the vesting schedule set forth in the Notice is in December, then settlement of any RSUs that vest in December shall be within 30 days of vesting. Settlement of RSUs shall be in Shares. Settlement means the delivery to you of the Shares vested under the RSUs. Fractional Shares will not be issued.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested RSUs, you shall have no ownership of the Shares allocated to the RSUs and shall have no right to dividends or to vote such Shares.

3. Dividend Equivalents. Dividend equivalents, if any, shall not be credited to you, except as otherwise permitted by the Committee.

4. No Transfer. RSUs may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee.

5. Termination. If your Service terminates for any reason, all unvested RSUs shall be forfeited to the Company forthwith, and all rights you have to such RSUs shall immediately terminate, without payment of any consideration to you. For purposes of this award of RSUs, your Service will be considered terminated as of the date you are no longer providing Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are employed or the terms of your employment or service agreement, if any) and will not be extended by any notice period mandated under local employment laws (e.g., Service would not include a period of “garden leave” or similar period). In case of any dispute as to whether and when your termination of Service has occurred for purposes of the RSUs, the Committee shall have sole discretion to determine whether such termination has occurred (including whether you may still be considered to be providing Services while on a leave of absence) and the effective date of such termination.

6. Responsibility for Taxes. Regardless of any action the Company or, if different, your employer (the “**Employer**”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Obligations**”), you acknowledge that the ultimate liability for all Tax-Related Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Obligations in connection with any aspect of the award, including the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Obligations or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Obligations in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Obligations in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy any withholding obligation the Company and/or the Employer may have for Tax-Related Obligations. In this regard, you authorize the Company and/or the Employer, and their respective agents, at their discretion, to withhold all applicable Tax-Related Obligations from your wages or other cash compensation paid to you by the Company and/or the Employer or by withholding from proceeds of the sale of the Shares either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf and you hereby authorize such sale pursuant to this authorization). The Committee may also authorize one or a combination of the following methods to satisfy Tax-Related Obligations: (a) payment by you to the Company or the Employer of an amount equal to the Tax-Related Obligations in cash, (b) having the Company withhold otherwise deliverable cash or Shares having a value equal to the Tax-Related Obligations to be withheld, (c) delivering to the Company already-owned Shares having a value equal to the Tax-Related Obligations to be withheld, or (d) any other arrangement approved by the Company and permissible under applicable law; in all cases, under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided, however, that if you are a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be a mandatory sale (unless the Committee shall establish an alternate method prior to the taxable or withholding event). You shall pay to the Company or the Employer any amount of Tax-Related Obligations that the Company or the Employer may be required to withhold as a result of your participation in the Plan or your issuance of Shares upon settlement of the RSUs that cannot be satisfied by the means previously described.

Depending on the withholding method, the Company may withhold or account for Tax-Related Obligations by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate in your jurisdiction in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Obligations is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Obligations.

Finally, you acknowledge that the Company has no obligation to deliver Shares or proceeds from the sale of Shares to you until you have satisfied the obligations in connection with the Tax-Related Obligations as described in this Section.

7. Nature of Grant. In accepting this award of RSUs, you acknowledge, understand and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- (d) you are voluntarily participating in the Plan;
- (e) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation or salary for any purpose including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement benefits or payments or welfare benefits or similar mandatory payments;

(g) unless otherwise agreed with the Company, the RSUs and any Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any Service you may provide as a director of a Subsidiary or Affiliate;

(h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of your Service (for any reason whatsoever whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are providing Service or the terms of your employment or service agreement, if any); and

(j) neither the Company nor the Employer, nor any Parent, Subsidiary or Affiliate, shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or the Shares acquired upon settlement of the RSUs or the amount received upon the subsequent sale of any Shares.

8. Data Privacy.

(a) **Declaration of Consent.** *By accepting this award of RSUs and indicating consent by signing this RSU Agreement or via the Company's online acceptance procedure, you are declaring that you agree with the data processing practices described herein and consent to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned below, including recipients located in countries which may not have a similar level of protection from the perspective of your country's data protection law.*

(b) **Data Collection and Usage.** *The Company and the Employer may collect, process and use certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs granted under the Plan or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is your consent.*

(c) **Stock Plan Administration Service Providers.** *The Company transfers Data to [insert broker] ("Plan Broker"), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*

(d) **International Data Transfers.** *The Company and its service providers are based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. The Company's legal basis, where required, for the transfer of Data is your consent.*

(e) **Data Retention.** *The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*

(f) **Voluntariness and Consequences of Consent Denial or Withdrawal.** *Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant the RSUs under the Plan to you or administer or maintain your participation in the Plan.*

(g) **Data Subject Rights.** *You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you understand that you can contact your local human resources representative.*

9. Acknowledgement. The Company and you agree that the RSUs are granted under and governed by the Notice, this RSU Agreement and the provisions of the Plan (incorporated by reference). You: (i) acknowledge receipt of a copy of the Plan and the Plan prospectus, (ii) represent that you have carefully read and are familiar with their provisions and the provisions of the Notice and this Agreement, and (iii) hereby accept the RSUs subject to all of the terms and conditions set forth in this RSU Agreement and those set forth in the Plan and the Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this RSU Agreement.

10. Entire Agreement; Enforcement of Rights. This RSU Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the acquisition of the Shares hereunder are superseded. No modification of or amendment to this RSU Agreement, nor any waiver of any rights under this RSU Agreement, shall be effective unless in writing and signed by the parties to this RSU Agreement. The failure by either party to enforce any rights under this RSU Agreement shall not be construed as a waiver of any rights of such party.

11. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's common stock may be listed or quoted at the time of such issuance or transfer, which compliance the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Company's common stock with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company shall have unilateral authority to amend the Plan and this RSU Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

12. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

13. Governing Law; Venue. This RSU Agreement, all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflict of laws. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this RSU Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Clara County, California or the federal courts of the United States for the Northern District of California and no other courts.

14. Severability. If one or more provisions of this RSU Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this RSU Agreement, (ii) the balance of this RSU Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this RSU Agreement shall be enforceable in accordance with its terms.

15. No Rights as Employee, Director or Consultant. Nothing in this RSU Agreement shall create a right to employment or other Service or be interpreted as forming or amending an employment, service contract or relationship with the Company and this RSU Agreement shall not affect in any manner whatsoever any right or power of the Company, or a Parent, Subsidiary or Affiliate, to terminate your Service, for any reason, with or without Cause.

16. Consent to Electronic Delivery and Acceptance of All Plan Documents and Disclosures. By your acceptance of this award of RSUs, you consent to the electronic delivery of the Notice, this RSU Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its securityholders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at [insert email]. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at [insert email]. Finally, you understand that you are not required to consent to electronic delivery.

17. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that, depending on the laws of applicable jurisdictions, including but not limited to your country and the United States, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) or rights linked to the value of Shares under the Plan during such times as you are considered to have "material non-public information" or "inside information" regarding the Company (as defined by the laws or regulations in the relevant jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

18. Foreign Asset/Account Reporting. You acknowledge that there may be certain foreign asset and/or account reporting requirements which may affect your ability to acquire Shares or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country.

19. Language. You acknowledge that you are proficient in the English language and understand the provisions in this RSU Agreement and the Plan. If you have received this RSU Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

20. Appendix. Notwithstanding any provisions in this RSU Agreement, this award of RSUs shall be subject to the Appendix if you live or work outside the United States, including any special terms and conditions set forth therein for your country. Moreover, if you relocate to a country other than the United States, then the Appendix, including the special terms and conditions for such country will, apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this RSU Agreement.

21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this RSU Agreement shall not operate or be construed as a waiver of any other provision of this RSU Agreement, or of any subsequent breach by you or any other Participant.

23. Code Section 409A. For purposes of this RSU Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Code and the regulations thereunder ("**Section 409A**"). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with your termination of employment constitute deferred compensation subject to Section 409A, and you are deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (i) the expiration of the six-month period measured from your separation from service from the Company or (ii) the date of your death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you including, without limitation, the additional tax for which you would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

24. Lock-Up Agreement. In connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, you hereby agree not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration), except pursuant to a transfer for no consideration in accordance with Section 5 above, without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the public offering; provided however that, if during the last seventeen (17) days of the restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the

last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any Financial Industry Regulatory Authority rules, the restrictions imposed by this Section shall continue to apply until the end of the third trading day following the expiration of the fifteen (15)-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond two hundred sixteen (216) days after the effective date of the registration statement.

25. Award Subject to Company Clawback or Recoupment. To the extent permitted by applicable law, the RSUs shall be subject to clawback or recoupment pursuant to any clawback or recoupment policy adopted by the Board or the Committee or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to your RSUs.

BY ACCEPTING THIS AWARD OF RSUS, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

APPENDIX

**ADDITIONAL TERMS AND CONDITIONS
RESTRICTED STOCK UNIT AGREEMENT
UPWORK INC.
2018 EQUITY INCENTIVE PLAN**

Capitalized terms, unless explicitly defined in this Appendix, shall have the meanings given to them in the RSU Agreement, the Notice or in the Plan.

Terms and Conditions

This Appendix includes special terms and conditions that govern the RSUs granted to you under the Plan if you reside and/or work in one of the countries listed below. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the RSU Agreement. If you are a citizen or resident of a country other than the country in which you are currently residing and/or working (or are considered as such for local law purposes), or if you transfer to another country after receiving the RSUs, the Company shall, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to you.

Notifications

This Appendix also includes information regarding securities, exchange control, tax and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of August 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that the RSUs vest or you sell Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your individual situation.

If you are a citizen or resident of a country other than the country in which you are currently residing and/or working (or are considered as such for local tax purposes), or if you transfer to another country after the grant of the RSUs, the information contained herein may not be applicable to you in the same manner.

GREECE

There are no country-specific provisions.

NORWAY

There are no country-specific provisions.

UNITED KINGDOM

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 6 (Responsibility for Taxes) of the RSU Agreement:

Without limitation to Section 6 of the RSU Agreement, you agree that you are liable for all Tax-Related Obligations and hereby covenant to pay all such Tax-Related Obligations, as and when requested by the Company or, if different, the Employer or by Her Majesty's Revenue & Customs ("**HRMC**") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Obligations that they are required to pay or withhold on your behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions ("**NICs**") may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for paying the Company or the Employer (as appropriate) the value of any employee NICs due on this additional benefit.

NIC Joint Election. As a condition of participation in the Plan and the vesting and settlement of the RSUs or receipt of any benefit in connection with the RSUs, you agree to accept any liability for secondary Class 1 NICs that may be payable by the Company or the Employer (or any successor to the Company or the Employer) in connection with the RSUs and any event giving rise to Tax-Related Obligations (the "**Employer NICs**"). The Employer NICs may be collected by the Company or the Employer using any of the methods described in the Plan or in Section 6 of the Agreement.

Without limitation to the foregoing, you agree to enter into a joint election with the Company and/or the Employer or another form of joint election formally approved by HMRC (the "**NIC Joint Election**"). You agree to execute any other consent or election required by the Company or the Employer in respect of the Employer NICs liability. You further agree to execute such other elections as may be required by any successor to the Company and/or the Employer for the purpose of continuing the effectiveness of your Joint Election.

If you do not enter into an NIC Joint Election prior to the applicable taxable event, you will not be entitled to vest in the RSUs and receive Shares (or receive any other benefit in connection with the RSUs) unless and until you enter into a NIC Joint Election, and no Shares or other benefit will be issued to you under the Plan, without any liability to the Company, the Employer or any Parent or Subsidiary or Affiliate.

UNITED STATES

There are no country-specific provisions.

**NOTICE OF RESTRICTED STOCK UNIT AWARD
(NON-EMPLOYEE DIRECTOR)**

**UPWORK INC.
2018 EQUITY INCENTIVE PLAN
GRANT NUMBER:**

Unless otherwise defined herein, the terms defined in the Upwork Inc. (the “*Company*”) 2018 Equity Incentive Plan (the “*Plan*”) shall have the same meanings in this Notice of Restricted Stock Unit Award (the “*Notice*”) and the attached Restricted Stock Unit Agreement (the “*RSU Agreement*”). You have been granted an award of Restricted Stock Units (“*RSUs*”) under the Plan subject to the terms and conditions of the Plan, this Notice and the attached RSU Agreement.

Name: _____

Address: _____

Number of RSUs: _____

Date of Grant: _____

Vesting Commencement Date: _____

Expiration Date: The earlier to occur of: (a) the settlement of all vested RSUs granted hereunder and (b) the tenth anniversary of the Date of Grant. The RSUs are subject to earlier expiration as provided in the Plan or the RSU Agreement.

Vesting Schedule: **[Sample vesting language:]** [25% of the total number of RSUs will vest on each quarterly anniversary of the Vesting Commencement Date so long as your Service continues; provided that the final quarterly installment shall fully vest on the earlier of (a) the date of the next annual meeting of the Company’s stockholders (or the date immediately prior to the next annual meeting of the Company’s stockholders if your service as a non-employee Director ends at such meeting due to your failure to be re-elected or you do not stand for re-election) and (b) the date that is the last day of the last full quarter of the vesting of the RSUs, in each case so long as you continue to provide Services through such date.] / [1/3rd of the total number of RSUs will vest on each annual anniversary of the Vesting Commencement Date so long as your Service continues; provided that the final annual installment shall fully vest on the earlier of (a) the date of the next annual meeting of the Company’s stockholders (or the date immediately prior to the next annual meeting of the Company’s stockholders if your service as a non-employee Director ends at such meeting due to your failure to be re-elected or you do not stand for re-election) and (b) the date that is the last day of the last full year of the vesting of the RSUs, in each case so long as you continue to provide Services through such date.]

In the event of a Corporate Transaction while you serve as a non-employee Director, the vesting of the RSUs shall accelerate in full prior to the consummation of such event at such times and on such conditions as the Committee determines.

This Grant Notice may be executed and delivered electronically, whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By accepting this award of RSUs, you consent to the electronic delivery and acceptance as further set forth in the RSU Agreement. You acknowledge that the vesting of the RSUs pursuant to this Notice is earned only by continuing Service, but you understand that your Service relationship can be terminated and that nothing in this Notice of Grant, the RSU Agreement or the Plan changes the nature of that relationship. By accepting this award, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan, this Notice and the RSU Agreement.

PARTICIPANT

Signature: _____

Print Name: _____

UPWORK INC.

By: _____

Its: _____

**RESTRICTED STOCK UNIT AGREEMENT
UPWORK INC.
2018 EQUITY INCENTIVE PLAN**

You have been granted Restricted Stock Units (“**RSUs**”) by Upwork Inc. (the “**Company**”) subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the “**Notice**”) and this Restricted Stock Unit Agreement (this “**RSU Agreement**”).

1. Settlement. Settlement of RSUs shall be made in the same calendar year as the applicable date of vesting under the vesting schedule set forth in the Notice. Settlement means the delivery to you of the Shares vested under the RSUs. Fractional Shares will not be issued.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested RSUs, you shall have no ownership of the Shares allocated to the RSUs and shall have no right to dividends or to vote such Shares.

3. Dividend Equivalents. Dividend equivalents, if any, shall not be credited to you, except as otherwise permitted by the Committee.

4. No Transfer. RSUs may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee.

5. Termination. If your Service terminates for any reason, all unvested RSUs shall be forfeited to the Company forthwith, and all rights you have to such RSUs shall immediately terminate, without payment of any consideration to you. For purposes of this award of RSUs, your Service will be considered terminated as of the date you are no longer providing Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of applicable laws or the terms of your service agreement, if any). In case of any dispute as to whether and when your termination of Service has occurred for purposes of the RSUs, the Board shall have sole discretion to determine whether such termination has occurred (including whether you may still be considered to be providing Services while on a leave of absence) and the effective date of such termination.

6. Responsibility for Taxes. Regardless of any action the Company takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Obligations**”), you acknowledge that the ultimate liability for all Tax-Related Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company (to the extent withholding is applicable). You further acknowledge that the Company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Obligations in connection with any aspect of the award, including the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (b) does not commit to and is under no obligation to structure the terms of the award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Obligations or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Obligations in more than one jurisdiction, the Company may be required to withhold or account for Tax-Related Obligations in more than one jurisdiction. Prior to any relevant taxable or tax withholding event, as applicable, you shall pay or make adequate arrangements satisfactory to the Company to satisfy any withholding obligation the Company may have for Tax-Related Obligations. If the obligation for Tax-Related Obligations is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Obligations. Finally, you acknowledge that the Company has no obligation to deliver Shares or proceeds from the sale of Shares to you until you have satisfied the obligations in connection with the Tax-Related Obligations as described in this Section.

7. **Nature of Grant.** In accepting this award of RSUs, you acknowledge, understand and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- (c) you are voluntarily participating in the Plan;
- (d) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty; and
- (e) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of your Service (for any reason whatsoever whether or not later found to be invalid or in breach of applicable laws or the terms of your service agreement, if any).

8. **Data Privacy.**

(a) **Declaration of Consent.** *By accepting this award of RSUs and indicating consent by signing this RSU Agreement or via the Company's online acceptance procedure, you are declaring that you agree with the data processing practices described herein and consent to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned below, including recipients located in countries which may not have a similar level of protection from the perspective of your country's data protection law.*

(b) **Data Collection and Usage.** *The Company may collect, process and use certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs granted under the Plan or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is your consent.*

(c) **Stock Plan Administration Service Providers.** *The Company transfers Data to [insert broker] ("Plan Broker"), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*

(d) **International Data Transfers.** *The Company and its service providers are based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. The Company's legal basis, where required, for the transfer of Data is your consent.*

(e) **Data Retention.** *The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*

(f) Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, the Company would not be able to grant the RSUs under the Plan to you or administer or maintain your participation in the Plan.

(g) Data Subject Rights. You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you understand that you can contact your local human resources representative.

9. Acknowledgement. The Company and you agree that the RSUs are granted under and governed by the Notice, this RSU Agreement and the provisions of the Plan (incorporated by reference). You: (i) acknowledge receipt of a copy of the Plan and the Plan prospectus, (ii) represent that you have carefully read and are familiar with their provisions and the provisions of the Notice and this Agreement, and (iii) hereby accept the RSUs subject to all of the terms and conditions set forth in this RSU Agreement and those set forth in the Plan and the Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this RSU Agreement.

10. Entire Agreement; Enforcement of Rights. This RSU Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the acquisition of the Shares hereunder are superseded. No modification of or amendment to this RSU Agreement, nor any waiver of any rights under this RSU Agreement, shall be effective unless in writing and signed by the parties to this RSU Agreement. The failure by either party to enforce any rights under this RSU Agreement shall not be construed as a waiver of any rights of such party.

11. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's common stock may be listed or quoted at the time of such issuance or transfer, which compliance the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Company's common stock with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company shall have unilateral authority to amend the Plan and this RSU Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

12. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

13. Governing Law; Venue. This RSU Agreement, all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflict of laws. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this RSU Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Clara County, California or the federal courts of the United States for the Northern District of California and no other courts.

14. Severability. If one or more provisions of this RSU Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this RSU Agreement, (ii) the balance of this RSU Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this RSU Agreement shall be enforceable in accordance with its terms.

15. No Rights as Employee, Director or Consultant. Nothing in this RSU Agreement shall create a right to employment or other Service or be interpreted as forming or amending an employment, service contract or relationship with the Company and this RSU Agreement shall not affect in any manner whatsoever any right or power of the Company, or a Parent, Subsidiary or Affiliate, to terminate your Service, for any reason, with or without Cause.

16. Consent to Electronic Delivery and Acceptance of All Plan Documents and Disclosures. By your acceptance of this award of RSUs, you consent to the electronic delivery of the Notice, this RSU Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its securityholders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at [insert email]. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at [insert email]. Finally, you understand that you are not required to consent to electronic delivery.

17. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that, depending on the laws of applicable jurisdictions, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) or rights linked to the value of Shares under the Plan during such times as you are considered to have "material non-public information" or "inside information" regarding the Company (as defined by the laws or regulations in the relevant jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

18. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this RSU Agreement shall not operate or be construed as a waiver of any other provision of this RSU Agreement, or of any subsequent breach by you or any other Participant.

20. Code Section 409A. To the extent any payment under this RSU Agreement may be classified as a “short-term deferral” within the meaning of Section 409A of the Code and the regulations thereunder (“**Section 409A**”), such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

21. Lock-Up Agreement. In connection with the initial public offering of the Company’s securities and upon request of the Company or the underwriters managing any underwritten offering of the Company’s securities, you hereby agree not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration), except pursuant to a transfer for no consideration in accordance with Section 5 above, without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the public offering; provided however that, if during the last seventeen (17) days of the restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any Financial Industry Regulatory Authority rules, the restrictions imposed by this Section shall continue to apply until the end of the third trading day following the expiration of the fifteen (15)-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond two hundred sixteen (216) days after the effective date of the registration statement.

22. Award Subject to Company Clawback or Recoupment. To the extent permitted by applicable law, the RSUs shall be subject to clawback or recoupment pursuant to any clawback or recoupment policy adopted by the Board or the Committee or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to your RSUs.

BY ACCEPTING THIS AWARD OF RSUS, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

NOTICE OF RESTRICTED STOCK AWARD

UPWORK INC.
2018 EQUITY INCENTIVE PLAN

Unless otherwise defined herein, the terms defined in the Upwork Inc. (the “Company”) 2018 Equity Incentive Plan (the “Plan”) shall have the same meanings in this Notice of Restricted Stock Award (the “Notice”) and the attached Restricted Stock Agreement (the “Restricted Stock Agreement”). You have been granted the opportunity to purchase Shares that are subject to restrictions (the “Restricted Shares”) and the terms and conditions of the Plan, this Notice and the attached Restricted Stock Agreement.

Name of Purchaser: _____

Total Number of Restricted Shares Awarded: _____

Fair Market Value per Restricted Share: \$ _____

Total Fair Market Value of Award: \$ _____

Purchase Price per Restricted Share: \$ _____

Total Purchase Price for all Restricted Shares: \$ _____

Date of Grant: _____

Vesting Commencement Date: _____

Vesting Schedule: **[Sample vesting language:]** [Subject to the limitations set forth in this Notice, the Plan and the Restricted Stock Agreement, 25% of the total number of Restricted Shares will vest when you complete 12 months of continuous Service from the Vesting Commencement Date. Thereafter, an additional 1/16th of the total number of Restricted Shares will vest when you complete each quarter of Service.] [Note: actual vesting language to match vesting schedule approved by the Board or Committee]

This Notice may be executed and delivered electronically, whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By purchasing the Restricted Shares, you consent to the electronic delivery and acceptance as further set forth in the Restricted Stock Agreement. You acknowledge that the vesting of the Restricted Shares pursuant to this Notice is earned only by continuing Service, but you understand that your employment or consulting relationship with the Company or a Parent or Subsidiary is for an unspecified duration and can be terminated at any time, and that nothing in this Notice, the Restricted Stock Agreement or the Plan changes the nature of that relationship. By accepting the Restricted Shares, you and the Company agree that the Restricted Shares are granted under and governed by the terms and conditions of the Plan, this Notice and the Restricted Stock Agreement. **If the Restricted Stock Agreement is not executed by you within thirty (30) days of the Company’s delivery of this Agreement to you, then this award shall be void.**

PARTICIPANT:

UPWORK INC.

Signature _____

By: _____

Date: _____

Its: _____

RESTRICTED STOCK AGREEMENT

UPWORK INC. 2018 EQUITY INCENTIVE PLAN

THIS RESTRICTED STOCK AGREEMENT (this “**Agreement**”) is made by and between Upwork Inc., a Delaware corporation (the “**Company**”), and the purchaser (“**you**”) named on the Notice of Restricted Stock Award (the “**Notice**”) pursuant to the Company’s 2018 Equity Incentive Plan (the “**Plan**”) as of the date you have executed the Notice. Unless otherwise defined herein, the terms defined in the Plan shall have the same meanings in this Agreement.

1. Sale of Stock. Subject to the terms and conditions of this Agreement, on the Purchase Date (as defined below) the Company will issue and sell to you, and you agree to purchase from the Company, the number of Restricted Shares shown on the Notice at the Purchase Price per Restricted Share set forth on the Notice. The term “**Restricted Shares**” refers to the purchased Restricted Shares and all securities received in replacement of or in connection with the Restricted Shares pursuant to stock dividends or splits, all securities received in replacement of the Restricted Shares in a recapitalization, merger, reorganization, exchange or the like, and all new, substituted or additional securities or other properties to which you are entitled by reason of your ownership of the Restricted Shares.

2. Time and Place of Purchase. The purchase and sale of the Restricted Shares under this Agreement shall occur at the principal office of the Company simultaneously with the execution of this Agreement by the parties, or on such other date as the Company and you shall agree (the “**Purchase Date**”). On the Purchase Date, the Company will issue a stock certificate registered in your name, or uncertificated shares designated for you in book entry form on the records of the Company’s transfer agent, representing the Restricted Shares to be purchased by you against payment of the purchase price therefor by you by (a) check or wire transfer made payable to the Company, (b) cancellation of indebtedness of the Company to you, (c) your personal Services that the Committee has determined have already been or will be rendered to the Company, or (d) a combination of the foregoing.

3. Restrictions on Resale. By signing this Agreement, you agree not to sell any Restricted Shares acquired pursuant to the Plan and this Agreement at a time when applicable laws, regulations or Company or underwriter trading policies prohibit exercise or sale. This restriction will apply as long as you are providing Service to the Company or a Subsidiary of the Company.

4. Company’s Repurchase Right for Unvested Shares. The Company, or (subject to Section 4.4) its assignee, shall have the right (but not the obligation) to repurchase a portion of the Restricted Shares that are Unvested Shares (as defined below) at the times and on the terms and conditions set forth in this Section (the “**Repurchase Right**”) if your Service terminates for any reason, or no reason, including without limitation, death, Disability (as defined in the Plan), voluntary resignation or termination by the Company with or without Cause.

4.1 Termination of Service. In case of any dispute as to whether your Service has terminated, the Committee shall have discretion to determine in good faith whether your Service has been terminated and the effective date of your termination of Service.

4.2 Vested and Unvested Shares. Restricted Shares that are vested pursuant to the Vesting Schedule set forth in the Notice are “**Vested Shares**.” Restricted Shares that are not vested pursuant to the Vesting Schedule set forth in the Notice are “**Unvested Shares**.” On the Date of Grant, all of the Restricted Shares will be Unvested Shares. No fractional Restricted Shares shall be issued. No

Restricted Shares will become Vested Shares after your termination of Service unless as set forth in the Vesting Schedule in the Notice of Grant. The number of the Restricted Shares that are Vested Shares or Unvested Shares will be proportionally adjusted to reflect any stock split, reverse stock split or similar change in the capital structure of the Company as set forth in Section 2.6 of the Plan occurring after the Date of Grant.

4.3 Exercise of Repurchase Right. Unless the Company provides written notice to you within 90 days from the date of termination of your Service to the Company that the Company does not intend to exercise its Repurchase Right with respect to some or all of the Unvested Shares, the Repurchase Right shall be deemed automatically exercised by the Company as of the 90th day following such termination, provided that the Company may notify you that it is exercising its Repurchase Right as of a date prior to such 90th day. Unless you are otherwise notified by the Company pursuant to the preceding sentence that the Company does not intend to exercise its Repurchase Right as to some or all of the Unvested Shares, execution of this Agreement by you constitutes written notice to you of the Company's intention to exercise its Repurchase Right with respect to all Unvested Shares to which such Repurchase Right applies at the time of your termination of Service. The Company, at its choice, may satisfy its payment obligation to you with respect to exercise of the Repurchase Right by either (A) delivering a check to you or wiring funds in the amount of the purchase price for the Unvested Shares being repurchased, or (B) in the event you are indebted to the Company, canceling an amount of such indebtedness equal to the purchase price for the Unvested Shares being repurchased, or (C) by a combination of (A) and (B) so that the combined payment and cancellation of indebtedness equals such purchase price. In the event of any deemed automatic exercise of the Repurchase Right by canceling an amount of such indebtedness equal to the purchase price for the Unvested Shares being repurchased, such cancellation of indebtedness shall be deemed automatically to occur as of the date of termination of your Service unless the Company otherwise satisfies its payment obligations. As a result of any repurchase of Unvested Shares pursuant to the Repurchase Right, the Company shall become the legal and beneficial owner of the Unvested Shares being repurchased and shall have all rights and interest therein or related thereto, and the Company shall have the right to transfer to its own name the number of Unvested Shares being repurchased by the Company, without further action by you.

4.4 Assignment. The Repurchase Right may be assigned by the Company in whole or in part to any persons or organization.

4.5 Additional or Exchanged Securities and Property. Subject to the provisions of Section 4.2 above, in the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed or issued with respect to, any Unvested Shares shall immediately be subject to the Repurchase Right. Appropriate adjustments shall be made to the price per share to be paid for Unvested Shares upon the exercise of the Repurchase Right (by allocating such price among the Unvested Shares and such other securities or property), provided that the aggregate purchase price payable for the Unvested Shares and all such other securities and property shall remain the same price that was original payable under the Repurchase Right to repurchase such Unvested Shares. Subject to the provisions of Section 4.2 above, in the event of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, the Repurchase Right may be exercised by the Company's successor.

5. Non-Transferability of Unvested Shares. In addition to any other limitation on transfer created by applicable securities laws or any other agreement between the Company and you, you may not transfer any Unvested Shares, or any interest therein, unless consented to in writing by a duly authorized representative of the Company. Any purported transfer is void and of no effect, and no purported transferee thereof will be recognized as a holder of the Unvested Shares for any purpose whatsoever. Should such a transfer purport to occur, the Company may refuse to carry out the transfer on its books, set aside the transfer, or exercise any other legal or equitable remedy. In the event the Company consents to a transfer of Unvested Shares, all transferees of Restricted Shares or any interest therein will receive and hold such Restricted Shares or interest subject to the provisions of this Agreement, including, insofar as applicable, the Repurchase Right. In the event of any purchase by the Company hereunder where the Restricted Shares or interest are held by a transferee, the transferee shall be obligated, if requested by the Company, to transfer the Restricted Shares or interest you for consideration equal to the amount to be paid by the Company hereunder. In the event the Repurchase Right is deemed exercised by the Company, the Company may deem any transferee to have transferred the Restricted Shares or interest to you prior to their purchase by the Company, and payment of the purchase price by the Company to such transferee shall be deemed to satisfy your obligation to pay such transferee for such Restricted Shares or interest, and also to satisfy the Company's obligation to pay you for such Restricted Shares or interest.

6. Acceptance of Restrictions. Purchase of the Restricted Shares shall constitute your agreement to such restrictions and the legending of your certificates or the notation in the Company's direct registration system for stock issuance and transfer of such restrictions and accompanying legends set forth in Section 7.1 with respect thereto. Notwithstanding such restrictions, however, so long as you are the holder of the Restricted Shares, or any portion thereof, he or she shall be entitled to receive all dividends declared on and to vote the Restricted Shares and to all other rights of a stockholder with respect thereto.

7. Stop Transfer Orders.

7.1 Stop-Transfer Notices. You agree 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.

7.2 Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Restricted Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as the owner or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Restricted Shares shall have been so transferred.

8. No Rights as Employee, Director or Consultant. You understand that your employment or consulting relationship with the Company is for an unspecified duration, can be terminated at any time (i.e., is "at-will"), and that nothing in this Agreement changes the at-will nature of that relationship. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent, Subsidiary or Affiliate of the Company, to terminate your Service, for any reason, with or without Cause.

9. Miscellaneous.

9.1 Acknowledgement. The Company and you agree that the Restricted Shares are granted under and governed by the Notice, this Agreement and the provisions of the Plan (incorporated herein by reference). You: (i) acknowledge receipt of a copy of the Plan and the Plan prospectus, (ii) represent that you have carefully read and are familiar with their provisions and the provisions of the Notice and this Agreement, and (iii) hereby accept the Restricted Shares subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and the Restricted Stock Agreement.

9.2 Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Restricted Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

9.3 Compliance with Laws and Regulations. The issuance of Restricted Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's common stock may be listed or quoted at the time of such issuance or transfer. The Restricted Shares issued pursuant to this Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

9.4 Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Clara County, California or the federal courts of the United States for the Northern District of California and no other courts.

9.5 Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

9.6 Notices. Any notice to be given under the terms of the Plan shall be addressed to the Company in care of its principal office, and any notice to be given to you shall be addressed to you at the address maintained by the Company for such person or at such other address as you may specify in writing to the Company. Any and all notices required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed to provide such party sufficient notice under this Agreement on the earliest of the following: (a) at the time of personal delivery, if delivery is in person; (b) at the time of transmission by facsimile, addressed to the other party at its facsimile number specified herein (or hereafter modified by subsequent notice to the parties hereto), with confirmation of receipt made by both telephone and printed confirmation sheet verifying successful transmission of the facsimile; (c) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (d) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. All notices for delivery outside the United States will be sent by facsimile or by express courier. All notices not

delivered personally or by facsimile will be sent with postage and/or other charges prepaid and properly addressed to the party to be notified at the address or facsimile number set forth below the signature lines of this Agreement, or at such other address or facsimile number as such other party may designate by one of the indicated means of notice herein to the other parties hereto. Notices to the Company will be marked "Attention: Chief Financial Officer."

9.7 U.S. Tax Consequences. Unless an Election (defined below) is made, upon vesting of Restricted Shares, you will include in taxable income the difference between the fair market value of the vesting Restricted Shares, as determined on the date of their vesting, and the price paid for the Restricted Shares. This will be treated as ordinary income by you and will be subject to withholding by the Company when required by applicable law. In the absence of an Election, the Company shall satisfy the withholding requirements as set forth in Section 10 below. If you make an Election, then you must, prior to making the Election, pay in cash (or cash equivalent) to the Company an amount equal to the amount the Company is required to withhold for income and employment taxes.

10. Responsibility for Taxes. Regardless of any action the Company or, if different, your employer (the "**Employer**") takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related items related to your participation in the Plan and legally applicable to you ("**Tax-Related Obligations**"), you acknowledge that the ultimate liability for all Tax-Related Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Obligations in connection with any aspect of the Restricted Shares purchased under this award, including the issuance of the Restricted Shares or vesting of such Restricted Shares, the subsequent sale of Restricted Shares and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the award or any aspect of the Restricted Shares to reduce or eliminate your liability for Tax-Related Obligations or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Obligations in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Obligations in more than one jurisdiction.

The Company will only recognize you as a record holder of Restricted Shares if you have paid or made, prior to any relevant taxable or tax withholding event, as applicable, adequate arrangements satisfactory to the Company and/or the Employer to satisfy any withholding obligation the Company and/or the Employer may have for Tax-Related Obligations. In this regard, you authorize the Company and/or the Employer, and their respective agents, at their discretion, to withhold all applicable Tax-Related Obligations from your wages or other cash compensation paid to you by the Company and/or the Employer or by one or a combination of the following methods: (a) payment by you to the Company or the Employer of an amount equal to the Tax-Related Obligations in cash, (b) having the Company withhold otherwise deliverable Restricted Shares that would otherwise be released from the Repurchase Right when they vest having a value equal to the Tax-Related Obligations to be withheld, (c) delivering to the Company already-owned Shares having a value equal to the Tax-Related Obligations to be withheld, (d) withholding from proceeds of the sale of the Restricted Shares either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf and you hereby authorize such sale pursuant to this authorization), or (e) any other arrangement approved by the Company and permissible under applicable law; in all cases, under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided, however, that if you are a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be a mandatory sale under (d) above (unless the Committee shall establish an alternate method prior to the taxable or withholding event). You shall pay to the Company or the Employer any amount of Tax-Related Obligations that the Company or the Employer may be required to withhold as a result of your Participation in the Plan or your purchase of Restricted Shares that cannot be satisfied by the means previously described.

Depending on the withholding method, the Company may withhold or account for Tax-Related Obligations by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Restricted Shares that would otherwise be released from the Repurchase Right when they vest. If the obligation for Tax-Related Obligations is satisfied by withholding in Restricted Shares that would otherwise be released from the Repurchase Right when they vest, for tax purposes, you are deemed to have been issued the full number of Restricted Shares, notwithstanding that a number of the Restricted Shares are held back solely for the purpose of paying the Tax-Related Obligations.

Finally, you acknowledge that the Company has no obligation to deliver Restricted Shares or proceeds from the sale of Restricted Shares to you or to release Restricted Shares from the Repurchase Right when they vest until you have satisfied the obligations in connection with the Tax-Related Obligations as described in this Section.

11. Section 83(b) Election. You hereby acknowledge that you have been informed that, with respect to the purchase of the Restricted Shares, an election may be filed by you with the Internal Revenue Service, within 30 days of the purchase of the Restricted Shares, electing for United States tax purposes pursuant to Section 83(b) of the Code to be taxed currently on any difference between the purchase price of the Restricted Shares and their Fair Market Value on the date of purchase (the "**Election**"). Making the Election will result in recognition of taxable income to you on the date of purchase, measured by the excess, if any, of the Fair Market Value of the Restricted Shares over the purchase price for the Restricted Shares. Absent such an Election, taxable income will be measured and recognized by you at the time or times on which the Company's Repurchase Right lapses. You are strongly encouraged to seek the advice of your own tax advisors in connection with the purchase of the Restricted Shares and the advisability of filing of the Election. YOU ACKNOWLEDGE THAT IT IS SOLELY YOUR RESPONSIBILITY, AND NOT THE COMPANY'S RESPONSIBILITY, TO TIMELY FILE THE ELECTION UNDER SECTION 83(b) OF THE CODE, EVEN IF YOU REQUEST THE COMPANY, OR ITS REPRESENTATIVE, TO MAKE THIS FILING ON YOUR BEHALF.

12. Consent to Electronic Delivery and Acceptance of All Plan Documents and Disclosures. By acceptance of this Restricted Stock Award, you consent to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Restricted Stock Award. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at [insert email]. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at [insert email]. Finally, you understand that you are not required to consent to electronic delivery.

13. Award Subject to Company Clawback or Recoupment. To the extent permitted by applicable law, the Restricted Shares shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or the Committee or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your Restricted Shares (whether vested or unvested) and the recoupment of any gains realized with respect to your Restricted Shares.

BY ACCEPTING THIS RESTRICTED STOCK AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

RECEIPT

Upwork Inc. hereby acknowledges receipt of (check as applicable):

A check or wire transfer in the amount of \$ _____

The cancellation of indebtedness in the amount of \$ _____

Given by _____ as consideration for the book entry in your name or Certificate No. -__ for _____ shares of Common Stock of Upwork Inc.

Other method as permitted by the Plan and specifically approved by the Board or Committee, and described here:

Dated: _____

UPWORK INC.

By: _____

Its: _____

NOTICE OF STOCK APPRECIATION RIGHT AWARD

UPWORK INC.
2018 EQUITY INCENTIVE PLAN

Unless otherwise defined herein, the terms defined in the Upwork Inc. (the “*Company*”) 2018 Equity Incentive Plan (the “*Plan*”) shall have the same meanings in this Notice of Stock Appreciation Right Award (the “*Notice of Grant*”) and the attached Stock Appreciation Right Agreement (the “*SAR Agreement*”). You have been granted an award of Stock Appreciation Rights (the “*SAR*”) of the Company under the Plan subject to the terms and conditions of the Plan, this Notice of Grant and the SAR Agreement.

Name: _____

Address: _____

Date of Grant: _____

Vesting Commencement Date: _____

Exercise Price: _____

Total Number of Shares: _____

Expiration Date: _____

Vesting Schedule: **[Sample vesting language:]** [The SAR becomes vested and exercisable with respect to the first 25% of the Shares subject to the SAR when you complete 12 months of continuous Service from the Vesting Commencement Date. Thereafter, the SAR becomes vested and exercisable with respect to an additional 1/16th of the Shares subject to the SAR when you complete each quarter of Service.] [Note: actual vesting language to match vesting schedule approved by the Board or Committee]

This Notice of Grant may be executed and delivered electronically, whether via the Company’s intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By accepting the SAR, you consent to the electronic delivery and acceptance as further set forth in the SAR Agreement. You acknowledge that the vesting of the SAR pursuant to this Notice of Grant is earned only by continuing Service, but you understand that your employment or consulting relationship with the Company or a Parent or Subsidiary is for an unspecified duration and can be terminated at any time and that nothing in this Notice of Grant, the SAR Agreement or the Plan changes the nature of that relationship. By accepting the SAR, you and the Company agree that the SAR is granted under and governed by the terms and conditions of the Plan, the Notice of Grant and the SAR Agreement.

PARTICIPANT:

UPWORK INC.

Signature: _____

By: _____

Print Name: _____

Its: _____

UPWORK INC., INC.
2018 EQUITY INCENTIVE PLAN

You have been granted an award of Stock Appreciation Rights (the “SAR”) by Upwork Inc. (the “Company”) under the 2018 Equity Incentive Plan (the “Plan”), subject to the terms and conditions of the Plan, the Notice of Stock Appreciation Right Award (the “Notice of Grant”) and this Stock Appreciation Right Agreement (the “Agreement”).

1. Grant of SAR. You have been granted a SAR for the number of Shares set forth in the Notice of Grant with the Exercise Price set forth in the Notice of Grant. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail.

2. Termination Period.

(a) **General Rule.** If your Service terminates for any reason except death or Disability, and other than for Cause, then this SAR will expire at the close of business at Company headquarters on the date three months after your termination of Service (subject to the expiration detailed in Section 6 or as provided in the Plan). In no event shall this SAR be exercised later than the Expiration Date set forth in the Notice of Grant. If your Service is terminated for Cause, this SAR will expire upon the date of such termination. The Company determines when your Service terminates for all purposes under this Agreement.

You acknowledge and agree that the vesting schedule set forth in the Notice of Grant may change prospectively in the event that your service status changes between full and part-time status in accordance with Company policies relating to work schedules and vesting of awards. You acknowledge that the vesting of the SARs pursuant to this Agreement is earned only by continuing Service.

(b) **Death; Disability.** If you die before your Service terminates (or you die within three months of your termination of Service other than for Cause), then this SAR will expire at the close of business at Company headquarters on the date 12 months after the date of death (subject to the expiration detailed in Section 6 or as provided in the Plan). If your Service terminates because of your Disability, then this SAR will expire at the close of business at Company headquarters on the date 12 months after your termination date (subject to the expiration detailed in Section 6 or as provided in the Plan).

(c) **No Notice.** You are responsible for keeping track of these exercise periods following your termination of Service for any reason. The Company will not provide further notice of such periods. In no event shall this SAR be exercised later than the Expiration Date set forth in the Notice of Grant.

3. Exercise of SAR.

(a) **Right to Exercise.** Subject to the applicable provisions of the Plan and this Agreement, this SAR is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice of Grant and the applicable provisions of the Plan and this Agreement. In the event of your death, Disability, or other cessation of Service, the exercisability of the SAR is governed by the applicable provisions of the Plan, the Notice of Grant and this Agreement. This SAR may not be exercised for a fraction of a Share.

(b) **Method of Exercise.** This SAR is exercisable by delivery of an exercise notice in a form specified by the Company (the “Exercise Notice”), which shall state the election to exercise the SAR, the number of Shares in respect of which the SAR is being exercised, and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. This SAR shall be deemed to be exercised upon receipt by the Company of a fully executed Exercise Notice and any applicable withholding of Tax-Related Obligations that are required to be withheld as detailed in Section 7 below.

(c) No Shares shall be issued pursuant to the exercise of this SAR unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed. Assuming such compliance, for income tax purposes the exercised Shares shall be considered transferred to you on the date the SAR is exercised with respect to such exercised Shares.

4. Non-Transferability of SAR. This SAR may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during your lifetime only by you unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Agreement shall be binding upon your executors, administrators, heirs, successors and assigns.

5. Term of SAR. This SAR shall in any event expire on the Expiration Date set forth in the Notice of Grant, which date is ten years after the Date of Grant. You are responsible for keeping track of the Expiration Date. The Company is not obligated to provide notice of the Expiration Date and you should not depend on the Company providing any such notice (even if such notices have been provided in the past or are provided in some but not all circumstances).

6. Tax Consequences. You should consult a tax adviser for tax consequences relating to this SAR in the jurisdiction in which you are subject to tax. **YOU SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS SAR OR DISPOSING OF THE SHARES.** You will not be allowed to exercise this SAR unless you make arrangements acceptable to the Company to pay Tax-Related Obligations that are required to be withheld as further described in Section 7 below.

7. Responsibility for Taxes. Regardless of any action the Company or, if different, your employer (the “**Employer**”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Obligations**”), you acknowledge that the ultimate liability for all Tax-Related Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Obligations in connection with any aspect of this SAR, including the grant, vesting or exercise of this SAR, the subsequent sale of Shares acquired pursuant to such exercise 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 SAR to reduce or eliminate your liability for Tax-Related Obligations or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Obligations in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Obligations in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy any withholding obligation the Company and/or the Employer may have for Tax-Related Obligations. In this regard, you authorize the Company and/or the Employer, and their respective agents, at their discretion, to withhold all applicable Tax-Related Obligations from your wages or other cash compensation paid to you by the Company and/or the Employer or by one or a combination of the following methods: (a) payment by you to the Company or the Employer of an amount equal to the Tax-Related Obligations in cash, (b) having the Company withhold otherwise deliverable cash or Shares having a value equal to the Tax-Related Obligations to be withheld, (c) delivering to the Company already-owned Shares having a value equal to the Tax-Related Obligations to be withheld, (d) withholding from proceeds of the sale of the Shares either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf and you hereby authorize such sale pursuant to this authorization), or (e) any other arrangement approved by the Company and permissible under applicable law; in

all cases, under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided, however, that if you are a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be a mandatory sale under (d) above (unless the Committee shall establish an alternate method prior to the taxable or withholding event). You shall pay to the Company or the Employer any amount of Tax-Related Obligations that the Company or the Employer may be required to withhold as a result of your participation in the Plan or your issuance of Shares upon exercise of the SARs that cannot be satisfied by the means previously described.

Depending on the withholding method, the Company may withhold or account for Tax-Related Obligations by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Obligations is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested SARs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Obligations.

Finally, you acknowledge that the Company has no obligation to deliver Shares or proceeds from the sale of Shares to you until you have satisfied the obligations in connection with the Tax-Related Obligations as described in this Section.

8. Acknowledgement. The Company and you agree that the SAR is granted under and governed by the Notice of Grant, this Agreement and the provisions of the Plan (incorporated herein by reference). You: (i) acknowledge receipt of a copy of the Plan and the Plan prospectus, (ii) represent that you have carefully read and are familiar with their provisions and the provisions of the Notice of Grant and this Agreement, and (iii) hereby accept the SAR subject to all of the terms and conditions set forth in this SAR Agreement and those set forth in the Plan and the Notice of Grant. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice of Grant and the SAR Agreement.

9. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice of Grant constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning this SAR are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

10. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's common stock may be listed or quoted at the time of such issuance or transfer. The Shares issued pursuant to this Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

11. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice of Grant and this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Clara County, California or the federal courts of the United States for the Northern District of California and no other courts.

12. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent, Subsidiary or Affiliate of the Company, to terminate your Service, for any reason, with or without Cause.

13. Consent to Electronic Delivery and Acceptance of All Plan Documents and Disclosures. By your acceptance of this SAR, you consent to the electronic delivery of the Notice of Grant, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the SAR. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at [insert email]. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at [insert email]. Finally, you understand that you are not required to consent to electronic delivery.

14. Award Subject to Company Clawback or Recoupment. To the extent permitted by applicable law, the SAR shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or the Committee or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your SAR (whether vested or unvested) and the recoupment of any gains realized with respect to your SAR.

BY ACCEPTING THIS SAR, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

NOTICE OF STOCK BONUS AWARD

**UPWORK INC.
2018 EQUITY INCENTIVE PLAN**

Unless otherwise defined herein, the terms defined in the Upwork Inc. (the "**Company**") 2018 Equity Incentive Plan (the "**Plan**") shall have the same meanings in this Notice of Stock Bonus Award (the "**Notice**") and the attached Stock Bonus Award Agreement (the "**Stock Bonus Agreement**"). You have been granted an award of Shares under the Plan (the "**Stock Bonus Award**") subject to the terms and conditions of the Plan, this Notice and the attached Stock Bonus Agreement.

Name: _____
Address: _____
Number of Shares: _____
Date of Grant: _____
Fair Market Value on Date of Grant: _____

This Notice may be executed and delivered electronically, whether via the Company's intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By accepting the Stock Bonus Award, you consent to the electronic delivery and acceptance as further set forth in the Stock Bonus Agreement. You understand that your employment or consulting relationship with the Company or a Parent or Subsidiary is for an unspecified duration and can be terminated at any time, and that nothing in this Notice, the Stock Bonus Agreement or the Plan changes the nature of that relationship. By accepting this Stock Bonus Award, you and the Company agree that this Stock Bonus Award is granted under and governed by the terms and conditions of the Plan, the Notice and the Stock Bonus Agreement.

PARTICIPANT

UPWORK INC.

Signature: _____
Date: _____

By: _____
Its: _____

STOCK BONUS AWARD AGREEMENT

UPWORK INC. 2018 EQUITY INCENTIVE PLAN

You have been granted a Stock Bonus Award (“**Stock Bonus Award**”) by Upwork Inc. (the “**Company**”), subject to the terms, restrictions and conditions of the Company’s 2018 Equity Incentive Plan (the “**Plan**”), the Notice of Stock Bonus Award (the “**Notice**”) and this Stock Bonus Award Agreement (this “**Agreement**”).

- 1. Issuance.** Your Stock Bonus Award shall be issued in Shares, and the Company’s transfer agent shall record ownership of such Shares in your name as soon as reasonably practicable.
- 2. No Stockholder Rights.** Unless and until you are recorded as the holder of such Shares on the stock records of the Company and its transfer agent, you shall have no right to dividends or to vote Shares.
- 3. Restrictions on Resale.** By signing this Agreement, you agree not to sell any Shares acquired pursuant to the Plan and this Agreement at a time when applicable laws, regulations or Company or underwriter trading policies prohibit exercise or sale. This restriction will apply as long as you are providing Service to the Company or a Subsidiary of the Company.
- 4. Tax Consequences.** YOU SHOULD CONSULT A TAX ADVISER BEFORE ACQUIRING THE SHARES IN THE JURISDICTION IN WHICH YOU ARE SUBJECT TO TAX. Shares shall not be issued under this Agreement unless you make arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of the acquisition of Shares.
- 5. Responsibility for Taxes.** Regardless of any action the Company or, if different, your employer (the “**Employer**”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Obligations**”), you acknowledge that the ultimate liability for all Tax-Related Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Obligations in connection with any aspect of the Stock Bonus Award, including the grant of the Stock Bonus Award, the issuance of the Shares subject to the Stock Bonus Award, the subsequent sale of such Shares and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the Stock Bonus Award to reduce or eliminate your liability for Tax-Related Obligations or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Obligations in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Obligations in more than one jurisdiction.

The Company will only recognize you as a record holder of Shares subject to the Stock Bonus Award if you have paid or made, prior to any relevant taxable or tax withholding event, as applicable, adequate arrangements satisfactory to the Company and/or the Employer to satisfy any withholding obligation the Company and/or the Employer may have for Tax-Related Obligations. In this regard, you authorize the Company and/or the Employer, and their respective agents, at their discretion, to withhold all applicable Tax-Related Obligations from your wages or other cash compensation paid to you by the Company and/or the Employer or by one or a combination of the following methods: (a) payment by you to the Company or the Employer of an amount equal to the Tax-Related Obligations in cash, (b) having the Company withhold Shares subject to the Stock Bonus Award having a value equal to the Tax-Related Obligations to be withheld, (c) delivering to the Company already-owned Shares having a value equal to the Tax-Related Obligations to be withheld, (d) withholding from proceeds of the sale of the Shares subject to the Stock Bonus Award either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf and you hereby authorize such sale pursuant to this authorization), or (e) any other arrangement approved by the Company and permissible under applicable law; in all cases, under such rules as may be established by the Committee and in

compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided, however, that if you are a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be a mandatory sale under (d) above (unless the Committee shall establish an alternate method prior to the taxable or withholding event). You shall pay to the Company or the Employer any amount of Tax-Related Obligations that the Company or the Employer may be required to withhold as a result of your participation in the Plan or the issuance of Shares subject to this Stock Bonus Award that cannot be satisfied by the means previously described.

Depending on the withholding method, the Company may withhold or account for Tax-Related Obligations by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Shares subject to the Stock Bonus Award that would otherwise be issued to you. If the obligation for Tax-Related Obligations is satisfied by withholding in Shares subject to the Stock Bonus Award that would otherwise be issued to you, for tax purposes, you are deemed to have been issued the full number of such Shares, notwithstanding that a number of the such Shares are held back solely for the purpose of paying the Tax-Related Obligations.

Finally, you acknowledge that the Company has no obligation to deliver Shares subject to the Stock Bonus Award to you until you have satisfied the obligations in connection with the Tax-Related Obligations as described in this Section.

6. Acknowledgement. The Company and you agree that the Stock Bonus Award is granted under and governed by the Notice, this Agreement and the provisions of the Plan (incorporated herein by reference). You: (i) acknowledge receipt of a copy of the Plan and the Plan prospectus, (ii) represent that you have carefully read and are familiar with their provisions and the provisions of the Notice and this Agreement, and (iii) hereby accept the Stock Bonus Award subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and the Stock Bonus Award.

7. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

8. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's common stock may be listed or quoted at the time of such issuance or transfer. The Shares issued pursuant to this Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

9. Stop Transfer Orders.

(a) Stop-Transfer Notices. You agree 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.

(b) 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 the owner 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.

10. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Clara County, California or the federal courts of the United States for the Northern District of California and no other courts.

10. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent, Subsidiary or Affiliate of the Company, to terminate your Service, for any reason, with or without Cause.

11. Consent to Electronic Delivery and Acceptance of All Plan Documents and Disclosures. By acceptance of this Stock Bonus Award, you consent to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Stock Bonus Award. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at [insert email]. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at [insert email]. Finally, you understand that you are not required to consent to electronic delivery.

12. Award Subject to Company Clawback or Recoupment. To the extent permitted by applicable law, the Stock Bonus Award shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or the Committee or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your Stock Bonus Award and the recoupment of any gains realized with respect to your Stock Bonus Award.

BY ACCEPTING THE STOCK BONUS AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

NOTICE OF PERFORMANCE SHARES AWARD

**UPWORK INC.
2018 EQUITY INCENTIVE PLAN**

Unless otherwise defined herein, the terms defined in the Upwork Inc. (the "**Company**") 2018 Equity Incentive Plan (the "**Plan**") shall have the same meanings in this Notice of Performance Shares Award (the "**Notice**") and the attached Performance Shares Award Agreement (the "**Performance Shares Agreement**"). You have been granted an award of Shares (the "**Performance Shares Award**") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Performance Shares Agreement.

Name: _____

Address: _____

Number of Shares: _____

Date of Grant: _____

Fair Market Value on Date of Grant: _____

Vesting Commencement Date: _____

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the Performance Shares Agreement, the Shares will vest in accordance with the following schedule: **[INSERT VESTING SCHEDULE]**

This Notice may be executed and delivered electronically, whether via the Company's intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. By accepting the Performance Shares Award, you consent to the electronic delivery and acceptance as further set forth in the Performance Shares Agreement. You acknowledge that the vesting of the Shares subject to the Performance Shares Award pursuant to this Notice is earned only by continuing Service and meeting the performance factors enumerated under the Vesting Schedule above, but you understand that your employment or consulting relationship with the Company or a Parent or Subsidiary is for an unspecified duration and can be terminated at any time, and that nothing in this Notice, the Performance Shares Agreement or the Plan changes the nature of that relationship. By accepting the Performance Shares Award, you and the Company agree that the Performance Shares Award is granted under and governed by the terms and conditions of the Plan, the Notice and the Performance Shares Agreement

PARTICIPANT

Print Name: _____

Signature: _____

UPWORK INC.

By: _____

Its: _____

PERFORMANCE SHARES AGREEMENT

UPWORK INC. 2018 EQUITY INCENTIVE PLAN

You have been granted a Performance Shares Award (“**Performance Shares Award**”) by Upwork Inc. (the “**Company**”), subject to the terms, restrictions and conditions of the Company’s 2018 Equity Incentive Plan (the “**Plan**”), the Notice of Performance Shares Award (“**Notice**”) and this Performance Shares Agreement (this “**Agreement**”).

- 1. Settlement.** Your Performance Shares Award shall be settled in Shares and the Company’s transfer agent shall record ownership of such Shares in your name as soon as reasonably practicable after achievement of the performance factors enumerated under the Vesting Schedule in the Notice.
- 2. No Stockholder Rights.** Unless and until you are recorded as the holder of such Shares on the stock records of the Company and its transfer agent, you shall have no right to dividends or to vote Shares.
- 3. No-Transfer.** Your interest in this Performance Shares Award shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of by you or any person whose interest derives from your interest.
- 4. Restrictions on Resale.** By signing this Agreement, you agree not to sell any Shares acquired pursuant to the Plan and this Agreement at a time when applicable laws, regulations or Company or underwriter trading policies prohibit exercise or sale. This restriction will apply as long as you are providing Service to the Company or a Subsidiary of the Company.
- 5. Termination.** If your Service terminates for any reason, all of your rights under the Plan, this Agreement and the Notice in respect of this Award shall immediately terminate. In case of any dispute as to whether a termination of Service has occurred, the Committee shall have sole discretion to determine whether such termination has occurred and the effective date of such termination.
- 6. Tax Consequences.** YOU SHOULD CONSULT A TAX ADVISER BEFORE ACQUIRING THE SHARES IN THE JURISDICTION IN WHICH YOU ARE SUBJECT TO TAX. Shares shall not be issued under this Agreement unless you make arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of the acquisition or vesting of Shares.
- 7. Responsibility for Taxes.** Regardless of any action the Company or, if different, your employer (the “**Employer**”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account and other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Obligations**”), you acknowledge that the ultimate liability for all Tax-Related Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Obligations in connection with any aspect of the Performance Shares Award, including the grant of the Performance Shares Award, the issuance of the Shares subject to the Performance Shares Award, the vesting of such Shares, the subsequent sale of such Shares and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the Performance Shares Award to reduce or eliminate your liability for Tax-Related Obligations or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Obligations in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Obligations in more than one jurisdiction.

The Company will only recognize you as a record holder of Shares subject to the Performance Shares Award if you have paid or made, prior to any relevant taxable or tax withholding event, as applicable, adequate arrangements satisfactory to the Company and/or the Employer to satisfy any withholding obligation the Company and/or the Employer may have for Tax-Related Obligations. In this regard, you authorize the Company and/or the Employer, and their respective agents, at their discretion, to withhold all applicable Tax-Related Obligations from your wages or other cash compensation paid to you by the Company and/or the Employer or by withholding from proceeds of the sale of the Shares subject to the Performance Shares Award either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf and you hereby authorize such sale pursuant to this authorization). The Committee may also authorize one or a combination of the following methods to satisfy Tax-Related Obligations: (a) payment by you to the Company or the Employer of an amount equal to the Tax-Related Obligations in cash, (b) having the Company withhold Shares subject to the Performance Shares Award that would otherwise be issued to you when they vest having a value equal to the Tax-Related Obligations to be withheld, (c) delivering to the Company already-owned Shares having a value equal to the Tax-Related Obligations to be withheld, or (d) any other arrangement approved by the Company and permissible under applicable law; in all cases, under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided, however, that if you are a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be a mandatory sale (unless the Committee shall establish an alternate method prior to the taxable or withholding event). You shall pay to the Company or the Employer any amount of Tax-Related Obligations that the Company or the Employer may be required to withhold as a result of your participation in the Plan or the issuance of Shares subject to this Performance Shares Award or vesting thereof that cannot be satisfied by the means previously described.

Depending on the withholding method, the Company may withhold or account for Tax-Related Obligations by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Shares subject to the Performance Shares Award that would otherwise be released when they vest. If the obligation for Tax-Related Obligations is satisfied by withholding in Shares that would otherwise be subject to release when they vest, for tax purposes, you are deemed to have been issued the full number of such Shares, notwithstanding that a number of the such Shares are held back solely for the purpose of paying the Tax-Related Obligations.

Finally, you acknowledge that the Company has no obligation to deliver Shares subject to the Performance Shares Award to you until you have satisfied the obligations in connection with the Tax-Related Obligations as described in this Section.

8. Acknowledgement. The Company and you agree that the Performance Shares Award is granted under and governed by the Notice, this Agreement and the provisions of the Plan (incorporated herein by reference). You: (i) acknowledge receipt of a copy of the Plan and the Plan prospectus, (ii) represent that you have carefully read and are familiar with their provisions and the provisions of the Notice and this Agreement, and (iii) hereby accept the Performance Shares Award subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement.

9. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

10. Stop Transfer Orders.

(a) Stop-Transfer Notices. You agree 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.

(b) 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 the owner 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.

11. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's common stock may be listed or quoted at the time of such issuance or transfer. The Shares issued pursuant to this Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

12. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Clara County, California or the federal courts of the United States for the Northern District of California and no other courts.

10. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent, Subsidiary or Affiliate of the Company, to terminate your Service, for any reason, with or without Cause.

11. Consent to Electronic Delivery of All Plan Documents and Disclosures. By acceptance of this Performance Shares Award, you consent to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Performance Shares Award. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at [insert email]. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at [insert email]. Finally, you understand that you are not required to consent to electronic delivery.

12. **Award Subject to Company Clawback or Recoupment.** To the extent permitted by applicable law, Performance Shares Award shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or the Committee or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your Performance Shares Award (whether vested or unvested) and the recoupment of any gains realized with respect to your Performance Shares Award.

BY ACCEPTING THE PERFORMANCE SHARES AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

UPWORK INC.
2018 EMPLOYEE STOCK PURCHASE PLAN

1. PURPOSE. Upwork Inc. adopted the Plan effective as of the Effective Date. The purpose of this Plan is to provide eligible employees of the Company and the Participating Corporations with a means of acquiring an equity interest in the Company, to enhance such employees' sense of participation in the affairs of the Company. Capitalized terms not defined elsewhere in the text are defined in Section 28.

2. ESTABLISHMENT OF PLAN. The Company proposes to grant rights to purchase shares of Common Stock to eligible employees of the Company and its Participating Corporations pursuant to this Plan. The Company intends this Plan to qualify as an "employee stock purchase plan" under Section 423 of the Code (including any amendments to or replacements of such Section), and this Plan shall be so construed, although the Company makes no undertaking or representation to maintain such qualification. Any term not expressly defined in this Plan but defined for purposes of Section 423 of the Code shall have the same definition herein. In addition, with regard to offers of options to purchase shares of Common Stock under the Plan to employees working for a Subsidiary or an Affiliate outside the United States, this Plan authorizes the grant of options under a Non-Section 423 Component that is not intended to meet Section 423 requirements, provided, to the extent necessary under Section 423 of the Code, the other terms and conditions of the Plan are met.

Subject to Section 14, a total One Million Seven Hundred Thousand (1,700,000) shares of Common Stock is reserved for issuance under this Plan. In addition, on each January 1 of each calendar year, the aggregate number of shares of Common Stock reserved for issuance under the Plan shall be increased automatically by the number of shares equal to eight-tenths of one percent (0.8%) of the total number of outstanding shares of Common Stock and shares of preferred stock of the Company outstanding (on an as converted to common stock basis) on the immediately preceding December 31 (rounded down to the nearest whole share); provided, that the Board or the Committee may in its sole discretion reduce the amount of the increase in any particular year. Subject to Section 14, no more than Twenty Million Four Hundred Thousand (20,400,000) shares of Common Stock may be issued over the term of this Plan. The number of shares initially reserved for issuance under this Plan and the maximum number of shares that may be issued under this Plan shall be subject to adjustments effected in accordance with Section 14. Any or all such shares may be granted under the Section 423 Component.

3. ADMINISTRATION. The Plan will be administered by the Committee. Subject to the provisions of this Plan and the limitations of Section 423 of the Code or any successor provision in the Code, all questions of interpretation or application of this Plan shall be determined by the Committee and its decisions shall be final and binding upon all eligible employees and Participants. The Committee will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility, to designate the Participating Corporations, to determine whether Participating Corporations shall participate in the Section 423 Component or Non-Section 423 Component and to decide upon any and all claims filed under the Plan. Every finding, decision and determination made by the Committee will, to the full extent permitted by law, be final and binding upon all parties. Notwithstanding any provision to the contrary in this Plan, the Committee may adopt rules, sub-plans, and/or procedures relating to the operation and administration of the Plan designed to comply with local laws, regulations or customs or to achieve tax, securities law or other objectives for eligible employees outside of the United States. The Committee will have the authority to determine the Fair Market Value of the Common Stock (which determination shall be final, binding and conclusive for all purposes) in accordance with Section 8 below and to interpret Section 8 of the Plan in connection with circumstances that impact the Fair Market Value. Members of the Committee shall receive no compensation for their services in connection with the administration of this Plan, other than standard fees as established from time to time by the Board for services rendered by Board members serving on Board committees. All

expenses incurred in connection with the administration of this Plan shall be paid by the Company. For purposes of this Plan, the Committee may designate separate offerings under the Plan (the terms of which need not be identical) in which eligible employees of one or more Participating Corporations will participate, and the provisions of the Plan will separately apply to each such separate offering even if the dates of the applicable Offering Periods of each such offering are identical. To the extent permitted by Section 423 of the Code, the terms of each separate offering under the Plan need not be identical, provided that the rights and privileges established with respect to a particular offering are applied in an identical manner to all employees of every Participating Corporation whose employees are granted options under that particular offering. The Committee may establish rules to govern the terms of the Plan and the offering that will apply to Participants who transfer employment between the Company and Participating Corporations or between Participating Corporations, in accordance with requirements under Section 423 of the Code to the extent applicable.

4. ELIGIBILITY.

(a) Any employee of the Company or the Participating Corporations is eligible to participate in an Offering Period under this Plan, except that one or more of the following categories of employees may be excluded from coverage under the Plan by the Committee (other than where such exclusion is prohibited by applicable law):

(i) employees who do not meet eligibility requirements that the Committee may choose to impose (within the limits permitted by the Code); and

(ii) individuals who provide services to the Company or any of its Participating Corporations who are reclassified as common law employees for any reason except for federal income and employment tax purposes.

The foregoing notwithstanding, an individual shall not be eligible if his or her participation in the Plan is prohibited by the law of any country that has jurisdiction over him or her, if complying with the laws of the applicable country would cause the Plan to violate Section 423 of the Code, or if he or she is subject to a collective bargaining agreement that does not provide for participation in the Plan.

(b) No employee who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, owns stock or holds options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or its Parent or Subsidiary or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or its Parent or Subsidiary shall be granted an option to purchase Common Stock under the Plan. Notwithstanding the foregoing, the rules of Section 424(d) of the Code shall apply in determining share ownership and the extent to which shares held under outstanding equity awards are to be treated as owned by the employee.

5. OFFERING DATES.

(a) Each Offering Period of this Plan may be of up to twenty-seven (27) months duration and shall commence and end at the times designated by the Committee. Each Offering Period shall consist of one or more Purchase Periods during which Contributions made by Participants are accumulated under this Plan.

(b) The initial Offering Period shall commence on the Effective Date and shall end with the Purchase Date that occurs on a date selected by the Committee which is approximately twenty-four (24) months after the commencement of the initial Offering Period, but no more than twenty-seven (27) months after the commencement of the initial Offering period. The initial Offering Period shall

consist of four Purchase Periods. Thereafter, a twenty-four (24) month Offering Period shall commence on each May 15 and November 15, with each such Offering Period also consisting of four separate six (6)-month Purchase Periods, except as otherwise provided by an applicable sub-plan, or on such other date determined by the Committee. The Committee may at any time establish a different duration for an Offering Period or Purchase Period to be effective after the next scheduled Purchase Date, up to a maximum duration of twenty-seven (27) months.

6. PARTICIPATION IN THIS PLAN.

(a) Any employee who is an eligible employee determined in accordance with Section 4 immediately prior to the initial Offering Period will be automatically enrolled in the initial Offering Period under this Plan for the minimum number of shares of Common Stock purchasable. With respect to subsequent Offering Periods, any eligible employee determined in accordance with Section 4 will be eligible to participate in this Plan, subject to the requirement of Section 6(b) hereof and the other terms and provisions of this Plan.

(b) With respect to Offering Periods after the initial Offering Period, a Participant may elect to participate in this Plan by submitting an enrollment agreement prior to the commencement of the Offering Period (or such earlier date as the Committee may determine) to which such agreement relates.

(c) Once an employee becomes a Participant in an Offering Period, then such Participant will automatically participate in each subsequent Offering Period commencing immediately following the last day of the prior Offering Period unless the Participant withdraws or is deemed to withdraw from this Plan or terminates further participation in an Offering Period as set forth in Section 11 below. A Participant who is continuing participation pursuant to the preceding sentence is not required to file any additional enrollment agreement in order to continue participation in this Plan; a Participant who is not continuing participation pursuant to the preceding sentence is required to file an enrollment agreement prior to the commencement of the Offering Period (or such earlier date as the Committee may determine) to which such agreement relates.

7. GRANT OF OPTION ON ENROLLMENT. Becoming a Participant with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such Participant of an option to purchase on the Purchase Date up to that number of shares of Common Stock determined by a fraction, the numerator of which is the amount accumulated in such Participant's Contribution account during such Purchase Period and the denominator of which is the lower of (i) eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Offering Date (but in no event less than the par value of a share of the Common Stock), or (ii) eighty-five percent (85%) of the Fair Market Value of a share of the Common Stock on the Purchase Date; provided, however, that for the Purchase Period within the initial Offering Period the numerator shall be fifteen percent (15%) of the Participant's compensation for such Purchase Period, or such lower percentage as determined by the Committee prior to the start of the Offering Period, and provided, further, that the number of shares of Common Stock subject to any option granted pursuant to this Plan shall not exceed the lesser of (x) the maximum number of shares set by the Committee pursuant to Section 10(b) below with respect to the applicable Purchase Date, or (y) the maximum number of shares which may be purchased pursuant to Section 10(a) below with respect to the applicable Purchase Date.

8. PURCHASE PRICE. The Purchase Price per share at which a share of Common Stock will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of:

- (a) The Fair Market Value on the Offering Date; or
- (b) The Fair Market Value on the Purchase Date.

9. PAYMENT OF PURCHASE PRICE; CONTRIBUTION CHANGES; SHARE ISSUANCES.

(a) The Purchase Price shall be accumulated by regular payroll deductions made during each Offering Period, unless the Committee determines that contributions may be made in another form (including but not limited to with respect to categories of Participants outside the United States that Contributions may be made in another form due to local legal requirements). The Contributions are made as a percentage of the Participant's Compensation in one percent (1%) increments not less than one percent (1%), nor greater than fifteen percent (15%) or such lower limit set by the Committee. "**Compensation**" shall mean base salary or regular hourly wages; however, the Committee shall have discretion to adopt a definition of Compensation from time to time of all cash compensation reported on the employee's Form W-2 or corresponding local country tax return, including without limitation base salary or regular hourly wages, bonuses, incentive compensation, commissions, overtime, shift premiums, pay during leaves of absence, and draws against commissions (or in foreign jurisdictions, equivalent cash compensation). For purposes of determining a Participant's Compensation, any election by such Participant to reduce his or her regular cash remuneration under Sections 125 or 401(k) of the Code (or in foreign jurisdictions, equivalent deductions) shall be treated as if the Participant did not make such election. Contributions shall commence on the first payday following the last Purchase Date (with respect to the initial Offering Period, as soon as practicable following the effective date of filing with the U.S. Securities and Exchange Commission a securities registration statement for the Plan) and shall continue to the end of the Offering Period unless sooner altered or terminated as provided in this Plan. Notwithstanding the foregoing, the terms of any sub-plan may permit matching shares without the payment of any purchase price.

(b) A Participant may decrease the rate of Contributions during an Offering Period by filing with the Company or a third party designated by the Company a new authorization for Contributions, with the new rate to become effective no later than the second payroll period commencing after the Company's receipt of the authorization and continuing for the remainder of the Offering Period unless changed as described below. A decrease in the rate of Contributions may be made once during an Offering Period or more frequently under rules determined by the Committee. A Participant may increase or decrease the rate of Contributions for any subsequent Offering Period by filing with the Company or a third party designated by the Company a new authorization for Contributions prior to the beginning of such Offering Period, or such other time period as specified by the Committee.

(c) A Participant may reduce his or her Contribution percentage to zero during an Offering Period by filing with the Company or a third party designated by the Company a request for cessation of Contributions. Such reduction shall be effective beginning no later than the second payroll period after the Company's receipt of the request and no further Contributions will be made for the duration of the Offering Period. Contributions credited to the Participant's account prior to the effective date of the request shall be used to purchase shares of Common Stock in accordance with Subsection (e) below. A reduction of the Contribution percentage to zero shall be treated as such Participant's withdrawal from such Offering Period and the Plan, effective as of the day after the next Purchase Date following the filing date of such request with the Company.

(d) All Contributions made for a Participant are credited to his or her book account under this Plan and are deposited with the general funds of the Company, except to the extent local legal restrictions outside the United States require segregation of such Contributions. No interest accrues on the Contributions, except to the extent required due to local legal requirements. All Contributions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such Contributions, except to the extent necessary to comply with local legal requirements outside the United States.

(e) On each Purchase Date, so long as this Plan remains in effect and provided that the Participant has not submitted a signed and completed withdrawal form before that date which notifies the Company that the Participant wishes to withdraw from that Offering Period under this Plan and have all Contributions accumulated in the account maintained on behalf of the Participant as of that date returned to the Participant, the Company shall apply the funds then in the Participant's account to the purchase of whole shares of Common Stock reserved under the option granted to such Participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The Purchase Price per share shall be as specified in Section 8 of this Plan. Any fractional share, as calculated under this Subsection (e), shall be rounded down to the next lower whole share, unless the Committee determines with respect to all Participants that any fractional share shall be credited as a fractional share. Any amount remaining in a Participant's account on a Purchase Date which is less than the amount necessary to purchase a full share of the Common Stock shall be carried forward without interest (except to the extent necessary to comply with local legal requirements outside the United States) into the next Purchase Period or Offering Period, as the case may be; however, the Committee may from time to time provide that such amounts shall be refunded without interest. In the event that this Plan has been over-subscribed, all funds not used to purchase shares on the Purchase Date shall be returned to the Participant, without interest (except to the extent required due to local legal requirements outside the United States). No Common Stock shall be purchased on a Purchase Date on behalf of any employee whose participation in this Plan has terminated prior to such Purchase Date, except to the extent required due to local legal requirements outside the United States.

(f) As promptly as practicable after the Purchase Date, the Company shall issue shares for the Participant's benefit representing the shares purchased upon exercise of his or her option.

(g) During a Participant's lifetime, his or her option to purchase shares hereunder is exercisable only by him or her. The Participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

(h) To the extent required by applicable federal, state, local or foreign law, a Participant shall make arrangements satisfactory to the Company and the Participating Corporation employing the Participant for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company or any Subsidiary or Affiliate, as applicable, may withhold, by any method permissible under the applicable law, the amount necessary for the Company or Subsidiary or Affiliate, as applicable, to meet applicable withholding obligations, including any withholding required to make available to the Company or Subsidiary or Affiliate, as applicable, any tax deductions or benefits attributable to the sale or early disposition of shares of Common Stock by a Participant. The Company shall not be required to issue any shares of Common Stock under the Plan until such obligations are satisfied.

10. LIMITATIONS ON SHARES TO BE PURCHASED.

(a) Any other provision of the Plan notwithstanding, no Participant shall purchase Common Stock with a Fair Market Value in excess of the following limit:

(i) In the case of Common Stock purchased during an Offering Period that commenced in the current calendar year, the limit shall be equal to (A) \$25,000 minus (B) the Fair Market Value of the Common Stock that the Participant previously purchased in the current calendar year (under this Plan and all other employee stock purchase plans of the Company or any Parent or Subsidiary).

(ii) In the case of Common Stock purchased during an Offering Period that commenced in the immediately preceding calendar year, the limit shall be equal to (A) \$50,000 minus (B) the Fair Market Value of the Common Stock that the Participant previously purchased (under this Plan and all other employee stock purchase plans of the Company or any Parent or Subsidiary) in the current calendar year and in the immediately preceding calendar year.

(iii) In the case of Common Stock purchased during an Offering Period that commenced two calendar years prior, the limit shall be equal to (A) \$75,000 minus (B) the Fair Market Value of the Common Stock that the Participant previously purchased (under this Plan and all other employee stock purchase plans of the Company or any Parent or Subsidiary) in the current calendar year and in the two immediately preceding calendar years.

For purposes of this Subsection (a), the Fair Market Value of Common Stock shall be determined in each case as of the beginning of the Offering Period in which such Common Stock is purchased. Employee stock purchase plans not described in Section 423 of the Code shall be disregarded. If a Participant is precluded by this Subsection (a) from purchasing additional Common Stock under the Plan, then his or her Contributions shall automatically be discontinued and shall automatically resume at the beginning of the earliest Purchase Period that will end in the next calendar year (if he or she then is an eligible employee), provided that when the Company automatically resumes such Contributions, the Company must apply the rate in effect immediately prior to such suspension.

(b) In no event shall a Participant be permitted to purchase more than 3,500 shares on any one Purchase Date or such lesser number as the Committee shall determine. If a lower limit is set under this Subsection (b), then all Participants will be notified of such limit prior to the commencement of the next Offering Period for which it is to be effective.

(c) If the number of shares to be purchased on a Purchase Date by all Participants exceeds the number of shares then available for issuance under this Plan, then the Company will make a pro rata allocation of the remaining shares in as uniform a manner as shall be reasonably practicable and as the Committee shall determine to be equitable. In such event, the Company will give notice of such reduction of the number of shares to be purchased under a Participant's option to each Participant affected.

(d) Any Contributions accumulated in a Participant's account which are not used to purchase stock due to the limitations in this Section 10, and not covered by Section 9(e), shall be returned to the Participant as soon as practicable after the end of the applicable Purchase Period, without interest (except to the extent required due to local legal requirements outside the United States).

11. WITHDRAWAL.

(a) Each Participant may withdraw from an Offering Period under this Plan pursuant to a method specified for such purpose by the Company. Such withdrawal may be elected at any time prior to the end of an Offering Period, or such other time period as specified by the Committee.

(b) Upon withdrawal from this Plan, the accumulated Contributions shall be returned to the withdrawn Participant, without interest (except to the extent required due to local legal requirements outside the United States), and his or her interest in this Plan shall terminate. In the event a Participant voluntarily elects to withdraw from this Plan, he or she may not resume his or her participation in this Plan during the same Offering Period, but he or she may participate in any Offering Period under this Plan which commences on a date subsequent to such withdrawal by filing a new authorization for Contributions in the same manner as set forth in Section 6 above for initial participation in this Plan.

(c) To the extent applicable, if the Fair Market Value on the first day of the current Offering Period in which a participant is enrolled is higher than the Fair Market Value on the first day of any subsequent Offering Period, the Company will automatically enroll such participant in the subsequent Offering Period. Any funds accumulated in a Participant's account prior to the first day of such subsequent Offering Period will be applied to the purchase of shares on the Purchase Date immediately prior to the first day of such subsequent Offering Period, if any.

12. TERMINATION OF EMPLOYMENT. Termination of a Participant's employment for any reason, including retirement, death, disability, or the failure of a Participant to remain an eligible employee of the Company or of a Participating Corporation, immediately terminates his or her participation in this Plan (except as required due to local legal requirements outside the United States). In such event, accumulated Contributions credited to the Participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest (except to the extent required due to local legal requirements outside the United States). For purposes of this Section 12, an employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Participating Corporation in the case of sick leave, military leave, or any other leave of absence approved by the Company; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute. The Company will have sole discretion to determine whether a Participant has terminated employment and the effective date on which the Participant terminated employment, regardless of any notice period or garden leave required under local law.

13. RETURN OF CONTRIBUTIONS. In the event a Participant's interest in this Plan is terminated by withdrawal, termination of employment or otherwise, or in the event this Plan is terminated by the Board, the Company shall deliver to the Participant all accumulated Contributions credited to such Participant's account. No interest shall accrue on the Contributions of a Participant in this Plan (except to the extent required due to local legal requirements outside the United States).

14. CAPITAL CHANGES. If the number of outstanding shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then the Committee shall adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, and the numerical limits of Sections 2 and 10 shall be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with the applicable securities laws; provided that fractions of a share will not be issued.

15. NONASSIGNABILITY. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares under this Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 22 below) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be void and without effect.

16. USE OF PARTICIPANT FUNDS AND REPORTS. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be required to segregate Participant Contributions (except to the extent required due to local legal requirements outside the United States). Until shares are issued, Participants will only have the rights of an unsecured creditor unless otherwise required under local law. Each Participant shall receive, or have access to, promptly after the end of each Purchase Period a report of his or her account setting forth the total Contributions accumulated, the number of shares purchased, the per share price thereof and the remaining cash balance, if any, carried forward to the next Purchase Period or Offering Period, as the case may be.

17. NOTICE OF DISPOSITION. Each U.S. taxpayer Participant shall notify the Company in writing if the Participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan if such disposition occurs within two (2) years from the Offering Date or within one (1) year from the Purchase Date on which such shares were purchased (the "**Notice Period**"). The Company may, at any time during the Notice Period, place a legend or legends on any certificate representing shares acquired pursuant to this Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the Participant to provide such notice shall continue notwithstanding the placement of any such legend on the certificates.

18. NO RIGHTS TO CONTINUED EMPLOYMENT. Neither this Plan nor the grant of any option hereunder shall confer any right on any employee to remain in the employ of the Company or any Participating Corporation, or restrict the right of the Company or any Participating Corporation to terminate such employee's employment.

19. EQUAL RIGHTS AND PRIVILEGES. All eligible employees granted an option under the Section 423 Component of this Plan shall have equal rights and privileges with respect to this Plan or within any separate offering under the Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of this Plan which is inconsistent with Section 423 or any successor provision of the Code, without further act or amendment by the Company, the Committee or the Board, shall be reformed to comply with the requirements of Section 423. This Section 19 shall take precedence over all other provisions in this Plan.

20. NOTICES. All notices or other communications by a Participant to the Company under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. TERM; STOCKHOLDER APPROVAL. This Plan will become effective on the Effective Date. This Plan shall be approved by the stockholders of the Company, in any manner permitted by applicable corporate law, within twelve (12) months before or after the date this Plan is adopted by the Board. No purchase of shares that are subject to such stockholder approval before becoming available under this Plan shall occur prior to stockholder approval of such shares and the Board or Committee may delay any Purchase Date and postpone the commencement of any Offering Period subsequent to such Purchase Date as deemed necessary or desirable to obtain such approval (provided that if a Purchase Date would occur more than six (6) months after commencement of the Offering Period to which it relates, then such Purchase Date shall not occur and instead such Offering Period shall terminate without the purchase of such shares and Participants in such Offering Period shall be refunded their Contributions without interest). This Plan shall continue until the earlier to occur of (a) termination of this Plan by the Board (which termination may be effected by the Board at any time pursuant to Section 25 below), (b) issuance of all of the shares of Common Stock reserved for issuance under this Plan, or (c) the tenth anniversary of the Effective Date.

22. DESIGNATION OF BENEFICIARY.

(a) If authorized by the Committee, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under this Plan in the event of such Participant's death prior to a Purchase Date. Such form shall be valid only if it was filed with the Company at the prescribed location before the Participant's death.

(b) If authorized by the Company, such designation of beneficiary may be changed by the Participant at any time by written notice filed with the Company at the prescribed location before the Participant's death. In the event of the death of a Participant and in the absence of a beneficiary validly designated under this Plan who is living at the time of such Participant's death, the Company shall deliver such cash to the executor or administrator of the estate of the Participant or to the legal heirs of the Participant.

23. CONDITIONS UPON ISSUANCE OF SHARES; LIMITATION ON SALE OF SHARES. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the U.S. Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed, exchange control restrictions and/or securities law restrictions outside the United States, and shall be further subject to the approval of counsel for the Company with respect to such compliance. Shares may be held in trust or subject to further restrictions as permitted by any subplan.

24. APPLICABLE LAW. The Plan shall be governed by the substantive laws (excluding the conflict of laws rules) of the State of Delaware.

25. AMENDMENT OR TERMINATION. The Committee, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. Unless otherwise required by applicable law, if the Plan is terminated, the Committee, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Purchase Date (which may be sooner than originally scheduled, if determined by the Committee in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 14). If an Offering Period is terminated prior to its previously-scheduled expiration, all amounts then credited to Participants' accounts for such Offering Period, which have not been used to purchase shares of Common Stock, shall be returned to those Participants (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable. Further, the Committee will be entitled to change the Purchase Periods and Offering Periods, limit the frequency and/or number of changes in the amount contributed during an Offering Period, establish the exchange ratio applicable to amounts contributed in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the administration of the Plan, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts contributed from the Participant's base salary and other eligible compensation, and establish such other limitations or procedures as the Committee determines in its sole discretion advisable which are consistent with the Plan. Such actions will not require stockholder approval or the consent of any Participants. However, no amendment shall be made without approval of the stockholders of the Company (obtained in accordance with Section 21 above) within twelve (12) months of the adoption of such amendment (or earlier if required by Section 21) if such amendment would: (a) increase the number of shares that may be issued under this Plan; or (b) change the designation of the employees (or class of employees) eligible for participation in this Plan. In addition, in the event the Board or Committee determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board or Committee may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequences including, but not limited to: (i) amending the definition of compensation, including with respect to an Offering Period underway at the time; (ii) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price; (iii) shortening any Offering Period by setting a Purchase Date, including an Offering Period underway at the time of the Committee's action; (iv) reducing the maximum percentage of Compensation a participant may elect to set aside as Contributions; and (v) reducing the maximum number of shares a Participant may purchase during any Offering Period. Such modifications or amendments will not require approval of the stockholders of the Company or the consent of any Participants.

26. CORPORATE TRANSACTIONS. In the event of a Corporate Transaction, the Offering Period for each outstanding right to purchase Common Stock will be shortened by setting a new Purchase Date and will end on the new Purchase Date. The new Purchase Date shall occur on or prior to the consummation of the Corporate Transaction, as determined by the Board or Committee, and the Plan shall terminate on the consummation of the Corporate Transaction.

27. CODE SECTION 409A; TAX QUALIFICATION.

(a) Options granted under the Plan generally are exempt from the application of Section 409A of the Code. However, options granted to U.S. taxpayers which are not intended to meet the Code Section 423 requirements are intended to be exempt from the application of Section 409A of the Code under the short-term deferral exception and any ambiguities shall be construed and interpreted in accordance with such intent. Subject to Subsection (b), options granted to U.S. taxpayers outside of the Code Section 423 requirements shall be subject to such terms and conditions that will permit such options to satisfy the requirements of the short-term deferral exception available under Section 409A of the Code, including the requirement that the shares of Common Stock subject to an option be delivered within the short-term deferral period. Subject to Subsection (b), in the case of a Participant who would otherwise be subject to Section 409A of the Code, to the extent the Committee determines that an option or the exercise, payment, settlement or deferral thereof is subject to Section 409A of the Code, the option shall be granted, exercised, paid, settled or deferred in a manner that will comply with Section 409A of the Code, including Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the option that is intended to be exempt from or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee with respect thereto.

(b) Although the Company may endeavor to (i) qualify an option for favorable tax treatment under the laws of the United States or jurisdictions outside of the United States or (ii) avoid adverse tax treatment (*e.g.*, under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan, including Subsection (a). The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants under the Plan.

28. DEFINITIONS.

(a) “**Affiliate**” means any entity, other than a Subsidiary or Parent, (i) that, directly or indirectly, is controlled by, controls or is under common control with, the Company and (ii) in which the Company has a significant equity interest, in either case as determined by the Committee, whether now or hereafter existing.

(b) “**Board**” shall mean the Board of Directors of the Company.

(c) “**Code**” shall mean the U.S. Internal Revenue Code of 1986, as amended.

(d) “**Committee**” shall mean the Compensation Committee of the Board that consists exclusively of one or more members of the Board appointed by the Board.

(e) “**Common Stock**” shall mean the common stock of the Company.

(f) “**Company**” shall mean Upwork Inc.

(g) “**Contributions**” means payroll deductions taken from a Participant’s Compensation and used to purchase shares of Common Stock under the Plan and, to the extent payroll deductions are not permitted by applicable laws (as determined by the Committee in its sole discretion) contributions by other means, provided, however, that allowing such other contributions does not jeopardize the qualification of the Plan as an “employee stock purchase plan” under Section 423 of the Plan.

(h) “**Corporate Transaction**” means the occurrence of any of the following events: (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities; or (ii) the consummation of the sale or disposition by the

Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

(i) "**Effective Date**" shall mean the date on which the Registration Statement covering the initial public offering of the shares of Common Stock is declared effective by the U.S. Securities and Exchange Commission.

(j) "**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

(k) "**Fair Market Value**" shall mean, as of any date, the value of a share of Common Stock determined as follows:

i. if such Common Stock is then quoted on the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market (collectively, the "**Nasdaq Market**"), its closing price on the Nasdaq Market on the date of determination, or if there are no sales for such date, then the last preceding business day on which there were sales, as reported in *The Wall Street Journal* or such other source as the Board or the Committee deems reliable;

ii. if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street Journal* or such other source as the Board or the Committee deems reliable;

iii. if such Common Stock is publicly traded but is neither quoted on the Nasdaq Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Board or the Committee deems reliable;

iv. with respect to the initial Offering Period, Fair Market Value on the Offering Date shall be the price at which shares of Common Stock are offered to the public pursuant to the Registration Statement covering the initial public offering of shares of Common Stock; or

v. if none of the foregoing is applicable, by the Board or the Committee in good faith.

(l) "**Non-Section 423 Component**" means the part of the Plan which is not intended to meet the requirements set forth in Section 423 of the Code.

(m) "**Notice Period**" shall mean within two (2) years from the Offering Date or within one (1) year from the Purchase Date on which such shares were purchased.

(n) "**Offering Date**" shall mean the first business day of each Offering Period. However, for the initial Offering Period the Offering Date shall be the Effective Date.

(o) "**Offering Period**" shall mean a period with respect to which the right to purchase Common Stock may be granted under the Plan, as determined by the Committee pursuant to Section 5(a).

(p) “**Parent**” shall have the same meaning as “parent corporation” in Sections 424(e) and 424(f) of the Code.

(q) “**Participant**” shall mean an eligible employee who meets the eligibility requirements set forth in Section 4 and who is either automatically enrolled in the initial Offering Period or who elects to participate in this Plan pursuant to Section 6(b).

(r) “**Participating Corporation**” shall mean any Parent, Subsidiary or Affiliate that the Committee designates from time to time as eligible to participate in this Plan. For purposes of the Section 423 Component, only the Parent and Subsidiaries may be Participating Corporations, provided, however, that at any given time a Parent or Subsidiary that is a Participating Corporation under the Section 423 Component shall not be a Participating Corporation under the Non-Section 423 Component. The Committee may provide that any Participating Corporation shall only be eligible to participate in the Non-Section 423 Component.

(s) “**Plan**” shall mean this Upwork Inc. 2018 Employee Stock Purchase Plan, as may be amended from time to time.

(t) “**Purchase Date**” shall mean the last business day of each Purchase Period.

(u) “**Purchase Period**” shall mean a period during which Contributions may be made toward the purchase of Common Stock under the Plan, as determined by the Committee pursuant to Section 5(b).

(v) “**Purchase Price**” shall mean the price at which Participants may purchase shares of Common Stock under the Plan, as determined pursuant to Section 8.

(w) “**Section 423 Component**” means the part of the Plan, which excludes the Non-Section 423 Component, pursuant to which options to purchase shares of Common Stock under the Plan that satisfy the requirements for “employee stock purchase plans” set forth in Section 423 of the Code may be granted to eligible employees.

(x) “**Subsidiary**” shall have the same meaning as “subsidiary corporation” in Sections 424(e) and 424(f) of the Code.

**UPWORK INC. (THE "COMPANY")
2018 EMPLOYEE STOCK PURCHASE PLAN**

**ENROLLMENT CONFIRMATION / CHANGE FORM
FOR INITIAL OFFERING PERIOD COMMENCING ON IPO**

SECTION 1:

ACTIONS

CHECK DESIRED ACTION: AND COMPLETE SECTIONS:

Confirm / Elect Contribution Percentage 2 + 4 + 7

Withdraw from ESPP 2 + 5 + 7

SECTION 2:

PERSONAL DATA

Name: _____

Home Address: _____

Employee ID: _____

SECTION 3:

ENROLLMENT CONFIRMED

I understand that I have been automatically enrolled in the Company's 2018 Employee Stock Purchase Plan (the "**ESPP**"). I understand that my enrollment in the ESPP was effective at the beginning of the initial Offering Period and, as a result of that enrollment, I am electing to purchase shares of Common Stock of the Company pursuant to the terms and conditions of the ESPP and this Enrollment Confirmation Form. I understand that the shares purchased on my behalf will be issued in street name and deposited directly into my brokerage account. I hereby agree to take all steps, and sign all forms, required to establish an account with the Company's broker for this purpose.

My participation will continue as long as I remain eligible, unless I withdraw from the ESPP by filing an Enrollment/Change Form with the Company or any third party designated by the Company. I understand that I must notify the Company of any disposition of shares purchased under the ESPP.

SECTION 4:

ELECT/CHANGE CONTRIBUTION PERCENTAGE

I understand that I am currently enrolled in the ESPP at a contribution level equal to 1% of my compensation (base salary). My contributions, plus any accumulated contributions thus far during the current Offering Period if this is a change, will be applied to the purchase of shares of Common Stock pursuant to the ESPP.

I hereby authorize the Company to either (i) continue the enrollment at the 1% contribution level or (ii) continue the enrollment, but increase the contribution level, in either case by withholding from each of my paychecks such amount as is necessary to equal at the end of each Purchase Period the specified percentage of my compensation paid during such Purchase Period, as long as I continue to participate in the ESPP. **The percentage must be a whole number (from 1% up to a maximum of 15%).**

Continue my contribution level at 1%

Increase my contribution level to _____ % **(the increased percentage must be a whole number from 2%, up to a maximum of 15%)**

Note: After this initial election, you may not increase your contributions at any time within an ongoing Offering Period. After this initial election, an increase in your contribution percentage can only take effect with the next Offering Period. You may decrease your contribution percentage to a percentage other than 0% only one time within an ongoing Purchase Period to be effective during that Purchase Period. A change will become effective as soon as reasonably practicable after the form is received by the Company.

SECTION 5:

WITHDRAW FROM ESPP / DISCONTINUE CONTRIBUTIONS

DO NOT CHECK THE BOX BELOW IF YOU WISH TO CONTINUE TO PARTICIPATE IN THE ESPP

I understand that my enrollment in the ESPP was automatically effective at the beginning of the initial Offering Period. I hereby elect to withdraw from the ESPP and stop my contributions under the ESPP, effective as soon as reasonably practicable after this form is received by the Company. Accumulated contributions will be returned to me without interest, pursuant to Section 11 of the ESPP.

Note:No contributions will be made if you elect to withdraw from the ESPP. You may enroll in subsequent Offering Periods.

SECTION 6:

ELECTRONIC DELIVERY AND ACCEPTANCE

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the ESPP by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the ESPP through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

SECTION 7:

ACKNOWLEDGMENT AND SIGNATURE

I acknowledge that I have received a copy of the ESPP and the ESPP Prospectus (which summarizes the major features of the ESPP). I have read the ESPP and the ESPP Prospectus and my signature below indicates that I hereby agree to be bound by the terms of the ESPP.

Signature: _____ Date: _____

UPWORK INC. (THE "COMPANY")
2018 EMPLOYEE STOCK PURCHASE PLAN

ENROLLMENT / CHANGE FORM
FOR OFFERING PERIODS COMMENCING AFTER INITIAL OFFERING PERIOD

SECTION 1:
ACTIONS

CHECK DESIRED ACTION: AND COMPLETE SECTIONS:

- Enroll in the ESPP 2 + 3 + 4 + 7
 Elect / Change Contribution Percentage 2 + 4 + 7
 Withdraw from ESPP 2 + 5 + 7

Name: _____

Home Address: _____

Employee ID: _____

SECTION 2:
PERSONAL DATA

I hereby elect to participate in Company's 2018 Employee Stock Purchase Plan (the "**ESPP**"), effective at the beginning of the next Offering Period. I elect to purchase shares of Common Stock of the Company pursuant to the terms and conditions of the ESPP and this Enrollment/Change Form. I understand that the shares purchased on my behalf will be issued in street name and deposited directly into my brokerage account. I hereby agree to take all steps, and sign all forms, required to establish an account with the Company's broker for this purpose.

My participation will continue as long as I remain eligible, unless I withdraw from the ESPP by filing a new Enrollment/Change Form with the Company or any third party designated by the Company. I understand that I must notify the Company of any disposition of shares purchased under the ESPP.

SECTION 3:
ENROLL

I hereby authorize the Company to withhold from each of my paychecks such amount as is necessary to equal at the end of the applicable Purchase Period _____ % of my compensation (base salary) paid during such Purchase Period, as long as I continue to participate in the ESPP. My contributions, plus any accumulated contributions thus far during the current Purchase Period if this is a change, will be applied to the purchase of shares of Common Stock pursuant to the ESPP. **The percentage must be a whole number (from 1%, up to a maximum of 15% contribution).**

If this is a change to my current enrollment, this represents an -increase -decrease to my contribution percentage.

Note: You may not increase your contributions at any time within an ongoing Offering Period. An increase in your contribution percentage can only take effect with the next Offering Period. You may decrease your contribution percentage to a percentage other than 0% only once within a Purchase Period to be effective during that Purchase Period. A change will become effective as soon as reasonably practicable after the form is received by the Company.

SECTION 4:
ELECT/CHANGE CONTRIBUTION PERCENTAGE

DO NOT CHECK THE BOX BELOW IF YOU WISH TO CONTINUE TO PARTICIPATE IN THE ESPP

I hereby elect to withdraw from the ESPP and stop my contributions under the ESPP, effective as soon as reasonably practicable after this form is received by the Company. Accumulated contributions will be returned to me without interest, pursuant to Section 11 of the ESPP.

SECTION 5:
WITHDRAW FROM ESPP / DISCONTINUE CONTRIBUTIONS

Note: No future contributions will be made if you elect to withdraw from the ESPP. You may enroll in subsequent Offering Periods.

SECTION 6:

ELECTRONIC DELIVERY AND ACCEPTANCE

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the ESPP by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the ESPP through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

SECTION 7:

ACKNOWLEDGMENT AND SIGNATURE

I acknowledge that I have received a copy of the ESPP and the ESPP Prospectus (which summarizes the major features of the ESPP). I have read the ESPP and the ESPP Prospectus and my signature below indicates that I hereby agree to be bound by the terms of the ESPP.

Signature: _____ Date: _____

UPWORK INC.

2017 PERFORMANCE BONUS PLAN

UPWORK INC.

2017 PERFORMANCE BONUS PLAN

Preamble

This document sets forth the terms of the Upwork Inc. 2017 Performance Bonus Plan (the “**Plan**”). The purpose of the Plan is to advance the interests of the Company and its subsidiaries by motivating selected service providers to contribute to the growth and profitability of the Company by keying a portion of their 2017 compensation to the Company’s gross services volume and EBITDA metrics for the Company’s fiscal year ending December 31, 2017. The Plan is effective January 1, 2017.

ARTICLE 1

Definitions

For the purposes of the Plan, unless otherwise clearly apparent from the context, the following capitalized phrases or terms shall have the following indicated meanings:

- 1.1. “**2017 Base Salary**” means with respect to each Participant, the amount of base salary or base fees actually earned and paid to Participant during Fiscal Year 2017, excluding (i) bonuses, commissions, overtime, or the value of any equity securities, or any employee benefits or other compensation paid to Participant (e.g., 401(k) plan employer match), and (ii) any compensation paid to Participant in respect of inactive employment by the Company (e.g., a leave of absence from the Company).
- 1.2. “**Adjusted Net Revenue**” means for Fiscal Year 2017, the Company’s GAAP revenue, as regularly computed by the Company in its sole discretion and reported to and approved by the Board of Directors, less the absolute value of provider cost associated with the Company’s managed services business, plus the absolute value of freelancer service fees cost-of-sales associated with the Company’s managed services business.
- 1.3. “**Actual Gross Services Volume**” for Fiscal Year 2017 means the Company’s standard gross services volume metric in effect from time to time, as regularly computed by the Company and reported to and approved by the Board of Directors in connection with the Company’s Fiscal Year 2017 budget. The computation of Actual Gross Services Volume will be determined in the sole discretion of the Company.
- 1.4. “**Bonus EBITDA**” means for Fiscal Year 2017, on a consolidated basis, an amount equal to the earnings of the Company before the sum of (i) taxes, plus (ii) depreciation and amortization, plus (iii) interest, plus (iv) any non-cash stock compensation expenses, plus (v) any expenses in connection with warrants, plus (vi) write-off or impairment of intangible assets, plus (vii) losses or gains (to be presented as a negative number in the case of gains) on sales or transfers of assets, plus (viii) foreign currency gains or losses; but excluding (x) any extraordinary or one-time gains, losses, profits or expenses identified and approved by the Board of Directors, and (y) any accruals for Performance Bonus Payments and associated payroll taxes under the Plan. The computation of Bonus EBITDA will be determined in the sole discretion of the Company.

- 1.5. “**Additional Bonus Pool**” has the meaning ascribed to such term in Section 2.2.b(i).
- 1.6. “**Affiliate**” means any corporation or other entity (including, but not limited to, partnerships and joint ventures) controlled by the Company.
- 1.7. “**Board of Directors**” means the Board of Directors of the Company.
- 1.8. “**Bonus Percentage**” means twenty-five percent (25%) for the Leadership Team; twenty percent (20%) for Vice Presidents (if not a member of the Leadership Team); fifteen percent (15%) for employees at Level 5 or Level 6; ten percent (10%) for employees at Level 3 or Level 4; and five percent (5%) for all other Participants.
- 1.9. “**Bonus Pool**” means the aggregate amount available for GSV Performance Bonus Payments under the Plan pursuant to Section 2.2.a, prior to the EBITDA Reduction (if any).
- 1.10. “**Code**” means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation promulgated thereunder, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.
- 1.11. “**Company**” means Upwork Inc., a Delaware corporation.
- 1.12. “**Discretionary Performance Bonus Payment**” means a payment made to a Participant pursuant to Section 2.2.b.
- 1.13. “**EBITDA Quotient**” means, with respect to a given Participant, the quotient obtained by dividing (i) the amount of such Participant’s GSV Performance Bonus Payment prior to the EBITDA Reduction by (ii) the aggregate amount of all Participants’ GSV Performance Bonus Payments prior to the EBITDA Reduction.
- 1.14. “**EBITDA Reduction**” has the meaning ascribed to such term in Section 2.2.a(v).
- 1.15. “**EBITDA Target**” for Fiscal Year 2017 means \$7,100,000.
- 1.16. “**Executive Administrators**” means the Company’s Chief Executive Officer and Chief Financial Officer.
- 1.17. “**Fiscal Year 2017**” means the Company’s fiscal year ending December 31, 2017.
- 1.18. “**GSV Performance Bonus Payment**” means a payment made to a Participant pursuant to Section 2.2.a.
- 1.19. “**GSV Maximum**” for Fiscal Year 2017 means \$1,425,000,000 (or as modified by the Board of Directors in its sole discretion).

- 1.20. “**GSV Threshold 1**” for Fiscal Year 2017 means \$1,237,000,000 (or as modified by the Board of Directors in its sole discretion).
- 1.21. “**GSV Threshold 2**” for Fiscal Year 2017 means \$1,275,000,000 (or as modified by the Board of Directors in its sole discretion).
- 1.22. “**Leadership Team**” means the Company’s Chief Executive Officers and each of his or her direct reports, as well as any individual who has been designated by the Board of Directors in writing as a member of the Leadership Team, in each case to the extent each such individual is also a Participant.
- 1.23. “**Participant**” means a full-time regular employee of the Company (“**Employee**”) who (i) has been designated by the Company in writing as one who will participate in the Plan and (ii) is not covered by the 2017 Upwork Sales Compensation Plan or any other bonus, commission or incentive plan (unless such other bonus, commission or incentive plan expressly permits concurrent participation in the Plan). The Plan excludes employees who are “part-time” and employees who are not expressly classified by the Company as “regular full-time,” including but not limited to, interns, or temporary or leased employees. Notwithstanding the foregoing, “Participant” may also include an individual, other than an Employee, continuously providing services to the Company who has been designated by the Company in writing as a Participant in the Plan (any such individual, a “**Service Provider**”).
- 1.24. “**Performance Bonus Payment**” means any GSV Performance Bonus Payment made to a Participant pursuant to Section 2.2.a and any Discretionary Performance Bonus Payment made to a Participant pursuant to Section 2.2.b.
- 1.25. “**Plan**” means the Upwork Inc. 2017 Performance Bonus Plan, which shall be evidenced by this instrument.

ARTICLE 2

Payments

- 2.1. **Eligibility for Payment.** A Participant shall be eligible to receive a Performance Bonus Payment pursuant to Section 2.2 below only if he or she is employed by the Company at the time of payment of such Performance Bonus Payment as specified in Section 2.3 or serving in the capacity as a Service Provider at the time of payment of such Performance Bonus Payment as specified in Section 2.3 if the award was granted to the Participant in such capacity.
- 2.2. **Performance Bonus Payments.**
 - a. **GSV Performance Bonus.**
 - (i) If the Actual Gross Services Volume is equal to or less than the GSV Threshold 1, no Participant shall be paid any GSV Performance Bonus Payment for Fiscal Year 2017.

(ii) If the Actual Gross Services Volume is greater than the GSV Threshold 1 and less than or equal to the GSV Threshold 2, then the GSV Performance Bonus Payment will be a percentage of Participant's 2017 Base Salary that is between zero percent (0%) and fifty percent (50%) times the applicable Bonus Percentage, calculated on a straight line basis between those two percentages. For example, if the Actual Gross Services Volume is \$1,259,800,000, then the GSV Performance Bonus Payment will be an amount equal to thirty percent (30%) times the applicable Bonus Percentage times Participant's 2017 Base Salary [with the foregoing thirty percent (30%) calculated as follows: $((1,259,800,000 - 1,237,000,000) / (1,275,000,000 - 1,237,000,000)) \times 50\% = 30\%$].

(iii) If the Actual Gross Services Volume is greater than the GSV Threshold 2 and less than or equal to the GSV Maximum, then the GSV Performance Bonus Payment will be a percentage of Participant's 2017 Base Salary that is between fifty percent (50%) and one hundred fifty percent (150%) times the applicable Bonus Percentage, calculated on a straight line basis between those two percentages, provided that for purposes of this calculation, the Actual Gross Services Volume shall in no event be deemed to exceed the GSV Maximum. For example, if the Actual Gross Services Volume is \$1,350,000,000, then the GSV Performance Bonus Payment will be an amount equal to one hundred percent (100%) times the applicable Bonus Percentage times Participant's 2017 Base Salary [with the foregoing one hundred percent (100%) calculated as follows: $50\% + (((1,350,000,000 - 1,275,000,000) / (1,425,000,000 - 1,275,000,000)) \times (150\% - 50\%)) = 50\% + 50\% = 100\%$].

(iv) If the Actual Gross Services Volume is greater than the GSV Maximum, then the Company shall pay to each Participant eligible under Section 2.1 above a GSV Performance Bonus Payment in an amount equal to one hundred fifty percent (150%) times the applicable Bonus Percentage times such Participant's 2017 Base Salary.

(v) Notwithstanding anything to the contrary, the Bonus Pool shall be reduced by \$1.00 for every \$1.00 that Bonus EBITDA is less than the EBITDA Target (the total amount of such reduction "**EBITDA Reduction**"). To the extent there is an EBITDA Reduction, it shall reduce each Participant's final GSV Performance Bonus Payment on a pro rata basis by an amount equal to the product of (a) the EBITDA Reduction times (b) the EBITDA Quotient. For example, if a Participant's GSV Performance Bonus Payment prior to the EBITDA Reduction is \$100,000, and the total value of all Participants' GSV Performance Bonus Payments is \$5,000,000, then the applicable Participant's EBITDA Quotient is 0.02 [calculated as follows: $100,000 / 5,000,000 = 0.02$]. If the EBITDA Reduction is \$10,000, then the Participant's GSV Performance will be \$90,800 [calculated as follows: $\$100,000 - (\$10,000 \times 0.02) = \$99,800$].

b. Discretionary Performance Bonus.

(i) If the Actual Gross Services Volume is between \$1,350,000,000 and \$1,425,000,000, the Board of Directors may, in its sole discretion, establish an additional bonus pool in an aggregate amount of between \$0 and \$2,000,0000, calculated on a straight line basis between those two dollar values, or such greater amount that the Board of Directors determines in its sole discretion (the “**Additional Bonus Pool**”).

(ii) Subject to Section 2.2(b)(iii) below, the Board of Directors will, in its sole discretion, determine the performance goals applicable to any Discretionary Performance Bonus Payment under the Additional Bonus Pool, the period of time, if any, over which performance goals may be measured and the individual Discretionary Performance Bonus Payments under the Plan. The goals may be on the basis of any such factors the Board of Directors determines relevant, and may be on an individual, divisional, business unit or Company-wide basis. The performance goals may differ from Participant to Participant.

(iii) The Board of Directors hereby delegates to the Executive Administrators the approval of the performance goals applicable to any Discretionary Performance Bonus Payment under the Additional Bonus Pool, and the period of time over which performance goals may be measured. Notwithstanding the foregoing, the approval of the Board of Directors shall be required for the approval of the Plan itself and any amendments to the Plan, approval of the aggregate payouts under the Plan and approval of individual payouts under the Plan. Any action that requires the approval of the Executive Administrators must be approved unanimously, and any action that requires the approval of the Executive Administrators may instead also be approved by the Board of Directors.

c. Each Performance Bonus Payment will be paid in cash (or its equivalent) in a single lump sum.

d. To the extent any payment under this Plan may be classified as a “short-term deferral” within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for another exemption from Section 409A. To the extent that any provision of this Plan is ambiguous as to its exemption from or compliance with Section 409A, the provision will be read in such a manner that the applicable payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. Each Participant acknowledges and agrees that the Company and its Affiliates make no representations with respect to the application of Code Section 409A to any Performance Bonus Payment and other tax consequences to any payments under the Plan and, by the acceptance of any Performance Bonus Payment, the Participant agrees to accept the potential application of Code Section 409A and the other tax consequences of any payments made pursuant to the Plan.

2.3. **Time of Payment.** Any Performance Bonus Payment shall be made on or by February 28, 2018.

2.4. **Taxes.** All payments made under the Plan shall be subject to applicable income, FICA, and other employment taxes and tax withholding requirements.

- 2.5. **Restriction on Payments.** Notwithstanding anything to the contrary set forth herein, no Performance Bonus Payments shall be made to any Participant if such payments would result in the Company's breach of or default under any terms of that certain Loan and Security Agreement dated January 21, 2016, as amended, by and between the Company, Pacific Western Bank and certain other parties named therein.

ARTICLE 3
Termination and Amendment

- 3.1 **Termination.** The Plan shall terminate upon completion of all payments pursuant to Article 2.
- 3.2.1 **Amendment.** The Company may, at any time, amend the Plan to (i) accelerate the time of any payment, provided that in no event will a payment be made prior to the end of Fiscal Year 2017, or (ii) make such other changes as do not adversely affect any Participant without the consent of such Participant.

ARTICLE 4
Administration

- 4.1. **Board of Directors Duties.** The Plan shall be administered by the Board of Directors. No provision of the Plan shall be construed as imposing on the Board of Directors any fiduciary duty under any law.
- 4.2. **Board of Directors Authority.** The Board of Directors shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:
- a) To construe and interpret the terms and provisions of the Plan;
 - b) To adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Participants who are foreign nationals or perform services outside of the United States;
 - c) To compute and certify to the Adjusted Net Revenue, Actual Gross Services Volume, Bonus EBITDA and each Participant's Performance Bonus Payment(s); and
 - d) To maintain all records that may be necessary for the administration of the Plan.
- 4.3. **Binding Effect of Decisions.** The decision or action of the Board of Directors with respect to any question arising out of or in connection with the administration, interpretation, computation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan and shall be given the maximum deference permitted by law.
- 4.4. **Delegation by Board of Directors.** The Board of Directors, in its sole discretion and on such terms and conditions as it may provide, may delegate all or part of its authority and powers under the Plan to one or more directors and/or officers of the Company.

ARTICLE 5
Miscellaneous

- 5.1. **Transfers.** Participants who transfer to a new position not covered by the Plan and instead covered by another bonus, sales or incentive plan may be considered for a Performance Bonus Payment calculated on a pro-rata basis for the applicable period. The Board of Directors will coordinate and administer the Plan with the other bonus, sales, or incentive plan and its determinations shall be final and binding.
- 5.2. **Status of Plan.** The Plan is intended to be a plan that is an unfunded bonus arrangement for Participants. The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.
- 5.3. **Unsecured General Creditor.** The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants shall be no greater than those of unsecured general creditors. Participants and their heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held under any trust or held in any way as collateral security for the fulfilling of the obligations of the Company under the Plan. Any and all of the Company's assets shall be, and remain, the general unpledged, unrestricted assets of the Company.
- 5.4. **Participant's Liability.** The Company's liability for the payment of benefits shall be defined only by the Plan. The Company shall have no obligation to a Participant under the Plan except as expressly provided in the Plan.
- 5.5. **Nonassignability.** A Participant shall have no right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment (except to the extent the Company may be required to garnish amounts from payments due under the Plan pursuant to applicable law) or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.
- 5.6. **Not a Contract of Employment.** The terms and conditions of the Plan shall not be deemed to constitute a contract of employment or continued engagement between the Company or any of its Affiliates and the Participant. Nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Company or any of its Affiliates or to interfere with the right of the Company or any of its Affiliates to discipline or discharge the Participant at any time for any or no reason, with or without notice (subject to applicable law). The Participant's employment (if applicable) with the Company or any of its Affiliates remains at will (subject to applicable law).

- 5.7. **Terms.** Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.
- 5.8. **Captions.** The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- 5.9. **Governing Law.** The provisions of the Plan shall be construed and interpreted according to the laws of the State of California without regard to its conflicts of laws principles.
- 5.10. **Successors.** The provisions of the Plan shall bind and inure to the benefit of the Company, all Participants, and their successors in interest.
- 5.11. **Bonus Plan.** The Plan is intended to be a “bonus program” as defined under U.S. Department of Labor regulation 2510.3-2(c) and will be construed and administered in accordance with such intention.
- 5.12. **Validity.** In case any provision of the Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Company has signed the Plan document as of February __, 2017.

Upwork Inc., a Delaware corporation.

By: _____

Its: _____

CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This Change in Control and Severance Agreement (the “**Agreement**”) is entered into by and between Stephane Kasriel (the “**Executive**”) and Upwork Inc., a Delaware corporation (the “**Company**”), on May 23, 2018 (the “**Effective Date**”).

1. Term of Agreement.

Except to the extent renewed as set forth in this Section 1, this Agreement shall terminate the earlier of the third (3rd) anniversary of the Effective Date (the “**Expiration Date**”) or the date the Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination; *provided however*, if a definitive agreement relating to a Change in Control has been signed by the Company on or before the Expiration Date, then this Agreement shall remain in effect through the earlier of:

(a) The date the Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination, or

(b) The date the Company has met all of its obligations under this Agreement following a termination of the Executive’s employment with the Company due to a Qualifying Termination or CIC Qualifying Termination.

This Agreement shall renew automatically and continue in effect for three (3) year periods measured from the initial Expiration Date and each subsequent Expiration Date, unless the Company provides Executive notice of non-renewal at least three (3) months prior to the date on which this Agreement would otherwise renew. For the avoidance of doubt, and notwithstanding anything to the contrary in Section 2 or 3 below, the Company’s non-renewal of this Agreement shall not constitute a Qualifying Termination or CIC Qualifying Termination, as applicable.

2. Qualifying Termination. If the Executive is subject to a Qualifying Termination, then, subject to Sections 4, 9, and 10 below, Executive will be entitled to the following benefits:

(a) **Severance Benefits.** The Company shall pay the Executive twelve (12) months worth of his monthly base salary at the rate in effect at the time of the Separation. The Executive will receive his severance payment in a cash lump-sum in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

(b) **Continued Employee Benefits.** If Executive timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”), the Company shall pay the full amount of Executive’s COBRA premiums on behalf of the Executive for the Executive’s continued coverage under the Company’s health, dental and vision plans, including coverage for the Executive’s eligible dependents, for the same period that the Executive is paid severance benefits pursuant to Section 2(a) following the Executive’s Separation or, if earlier, until Executive is eligible to be covered under another substantially equivalent medical insurance plan by a subsequent employer.

(c) **Equity.** Each of Executive’s then outstanding Equity Awards shall accelerate and become vested and exercisable as to fifty percent (50%) of the then-unvested shares subject to the Equity Award. Subject to satisfaction of the Release Conditions, the accelerated vesting described in this section 2(c) shall be effective as of the Separation.

3. **CIC Qualifying Termination.** If the Executive is subject to a CIC Qualifying Termination, then, subject to Sections 4, 9, and 10 below, Executive will be entitled to the following benefits:

(a) **Severance Payments.** The Company or its successor shall pay the Executive (i) eighteen (18) months' worth of his monthly base salary at the rate in effect at the time of the Separation and (ii) the prorated portion of his then-current target bonus opportunity for the portion of the current year that Executive served prior to the Separation (calculated based on the number of full months to date in the bonus year multiplied by 1/12 of the annual target bonus opportunity) at the rate in effect at the time of the Separation. Such payment shall be paid in a cash lump sum payment in accordance with the Company's standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

(b) **Continued Employee Benefits.** Continuation of COBRA on the same terms as set forth in Section 2(b) above for the same period that the Executive is paid severance benefits pursuant to Section 3(a)(i) following the Executive's Separation or, if earlier, until Executive is eligible to be covered under another substantially equivalent medical insurance plan by a subsequent employer.

(c) **Equity.** Each of Executive's then outstanding Equity Awards shall accelerate and become vested and exercisable as to 100% of the shares subject to the Equity Award. Subject to satisfaction of the Release Conditions, the accelerated vesting described in this Section 3(c) shall be effective as of the Separation.

4. **General Release.** Any other provision of this Agreement notwithstanding, Executive is only eligible for the benefits under Section 2 and 3 if the Executive (i) has executed a general release of all known and unknown claims that he may then have against the Company or persons affiliated with the Company and such release has become effective and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims. The release must be in the form prescribed by the Company, without alterations (this document effecting the foregoing, the "**Release**"). The Company will deliver the form of Release to the Executive within ten (10) days after the Executive's Separation. The Executive must execute and return the Release within the time period specified in the form.

5. **Accrued Compensation and Benefits.** Notwithstanding anything to the contrary in Section 2 and Section 3 above, in connection with any termination of employment (whether or not a Qualifying Termination or CIC Qualifying Termination), the Company shall pay Executive's earned but unpaid base salary and other vested but unpaid cash entitlements for the period through and including the termination of employment, including unused earned vacation pay, if applicable, and unreimbursed documented business expenses incurred by Executive through and including the date of termination (collectively "**Accrued Compensation and Expenses**"), as required by law and the applicable Company plan or policy. In addition, Executive shall be entitled to any other vested benefits earned by Executive for the period through and including the termination date of Executive's employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein (collectively "**Accrued Benefits**"). Any Accrued Compensation and Expenses to which the Executive is entitled shall be paid to the Executive in cash as soon as administratively practicable after the termination and, in any event, no later than two and one-half (2-1/2) months after the end of the taxable year of the Executive in which the termination occurs or at such earlier time as may be required by Section 10 below or to such lesser extent as may be mandated by Section 9 below. Any Accrued Benefits to which the Executive is entitled shall be paid to the Executive as provided in the relevant plans and arrangements.

6. **Covenants.**

(a) **Invention Assignment and Confidentiality Agreement.** The Executive agrees and acknowledges that the Executive is bound by the Employee Invention Assignment and Confidentiality Agreement entered into by and between the Executive and the Company (the "**Confidentiality Agreement**"), including but not limited to the Executive's confidentiality, non-competition and non-solicitation obligations thereunder.

(b) **Non-Disparagement.** The Executive further agrees that, during the twenty-four (24) month period following his Separation, he shall not in any way or by any means disparage the Company, the members of the Board or the Company's officers and employees. Notwithstanding the foregoing, the Executive is not prohibited from cooperating with a government agency or testifying truthfully in any government inquiry or other proceeding or in which Executive is required to testify pursuant to subpoena or other valid legal process.

7. Definitions.

(a) **"Board"** means the Company's board of directors.

(b) **"Cause"** means the Executive's (i) unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes or is reasonably likely to cause material harm to the Company, (ii) material failure to comply with the Company's written policies or rules, (iii) conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any state, (iv) gross negligence or willful misconduct, (v) continuing failure to perform assigned duties after receiving written notification of the failure from the Board, or (vi) failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive's cooperation. The determination as to whether the Executive has been terminated for Cause shall be made in good faith by the Board and shall be final and binding on the Executive. The term "Company" will be interpreted to include any subsidiary or parent of the Company, as appropriate.

(c) **"Code"** means the Internal Revenue Code of 1986, as amended.

(d) **"Change in Control"** means the occurrence of any of the following events, provided that the transaction (including any series of transactions) also qualifies as a change in control event under U.S. Treasury Regulation 1.409A-3(i)(5):

(i) any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities; provided, however, that for purposes of this subclause (i) the acquisition of additional securities by any one Person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Change in Control;

(ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation;

(iv) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the capital stock of the Company); or

(v) a change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purpose of this subclause (v), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

(e) “**CIC Qualifying Termination**” means a Separation (A) within twelve (12) months following a Change in Control or (B) within three (3) months preceding a Change in Control (but as to part (B), only if the Separation occurs after a Potential Change in Control) resulting, in either case (A) or (B), from (i) the Company terminating the Executive’s employment for any reason other than Cause or (ii) the Executive resigning his employment for Good Reason. A termination or resignation due to the Executive’s death or disability shall not constitute a CIC Qualifying Termination. A “**Potential Change in Control**” means the date of execution of a legally binding and definitive agreement for a corporate transaction which, if consummated, would constitute the applicable Change in Control (which for the avoidance of doubt, would include, for example, a merger agreement, but not a term sheet for a merger agreement). In the case of a termination following a Potential Change in Control and before a Change in Control, solely for purposes of benefits under this Agreement, the date of Separation will be deemed the date the Change in Control is consummated.

(f) “**Equity Awards**” means any and all options to purchase shares of Company common stock as well as any and all other stock-based awards granted to the Executive, including but not limited to stock bonus awards, restricted stock, restricted stock units or stock appreciation rights; provided, however, that “Equity Awards” expressly excludes any and all Performance Awards.

(g) “**Good Reason**” means, without the Executive’s consent, (i) a material reduction in duties, responsibilities or authority, (ii) a material reduction in Executive’s annual base salary or annual target bonus, or (iii) a requirement that Executive relocate Executive’s principal place of work to a location that increases Executive’s one-way commute by more than thirty-five (35) miles from Executive’s then-current work location. For the purpose of clause (i), solely in connection with a Change in Control, a change in responsibility shall not be deemed to occur (A) solely because Executive is part of a larger organization or (B) solely because of a change in title. For the Executive to receive the benefits under this Agreement as a result of a voluntary resignation under this subsection (g), all of the following requirements must be satisfied: (1) the Executive must provide notice to the Company of his intent to assert Good Reason within sixty (60) days of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii); (2) the Company will have thirty (30) days (the “**Company Cure Period**”) from the date of such notice to remedy the condition and, if it does so, the Executive may withdraw his resignation or may resign with no benefits under this Agreement; and (3) any termination of employment under this provision must occur within ten (10) days of the earlier of expiration of the Company Cure Period or written notice from the Company that it will not undertake to cure the condition set forth in subclauses (i) through (iii). Should the Company remedy the condition as set forth above and then one or more of the conditions arises again, the Executive may assert Good Reason again subject to all of the conditions set forth herein.

(h) “**Performance Awards**” means any and all stock-based awards that vest, in whole or in part, upon satisfaction of performance criteria.

(i) “**Release Conditions**” mean the following conditions occurring within sixty (60) days following the Separation: (i) the Company has received the Executive’s executed Release and (ii) any rescission period applicable to the Executive’s executed Release has expired without Executive rescinding the Release.

(j) “**Qualifying Termination**” means a Separation that is not a CIC Qualifying Termination, but which results from (i) the Company terminating the Executive’s employment for any reason other than Cause or (ii) the Executive resigning his employment for Good Reason. A termination or resignation due to the Executive’s death or disability shall not constitute a Qualifying Termination.

(k) “**Separation**” means a “separation from service,” as defined in the regulations under Section 409A of the Code.

8. Successors.

(a) **Company’s Successors.** The Company shall require any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets, by an agreement in substance and form satisfactory to the Executive, to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets or which becomes bound by this Agreement by operation of law.

(b) **Executive’s Successors.** This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. Golden Parachute Taxes.

(a) **Best After-Tax Result.** In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise (“**Payments**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this subsection (a), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax (“**Excise Tax**”), then, subject to the provisions of Section 10, such Payments shall be either (A) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (B) provided as to such lesser extent which would result in the Payments being \$1.00 less than the amount at which any portion of the Payments would be subject to the Excise Tax (“**Reduced Amount**”), whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to Executive (“**Independent Tax Counsel**”), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section, Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 9(a)(ii)(B) above applies, then based on the information provided to Executive and the Company by Independent Tax Counsel, Executive may, in Executive’s sole discretion and within thirty (30) days of the date on which Executive is provided with the information prepared by Independent Tax Counsel, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Tax Counsel in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the “**IRS**”) determines that any Payment is subject to the Excise Tax, then Section 9(b) hereof shall apply, and the enforcement of Section 9(b) shall be the exclusive remedy to the Company.

(b) **Adjustments.** If, notwithstanding any reduction described in Section 9(a) hereof (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within one-hundred twenty (120) days after a final IRS determination, an amount of such payments or benefits equal to the **“Repayment Amount.”** The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive’s net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero (0) if a Repayment Amount of more than zero (0) would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section 9(b), Executive shall pay the Excise Tax.

10. Miscellaneous Provisions.

(a) **Section 409A.** To the extent (i) any payments to which Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with Executive’s termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) Executive is deemed at the time of such termination of employment to be a “specified” employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the Executive’s Separation; or (ii) the date of Executive’s death following such Separation; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive’s beneficiary in one lump sum (without interest). Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A.

(b) **Other Arrangements.** This Agreement supersedes any and all cash severance arrangements and vesting acceleration arrangements under any offer letter or employment agreement, agreement governing Equity Awards, severance and salary continuation arrangements, programs and plans which were previously offered by the Company to the Executive, including change in control severance arrangements and vesting acceleration arrangements pursuant to an agreement governing Equity Awards, employment agreement or offer letter, and Executive hereby waives Executive’s rights to

such other benefits; provided that, for clarity, this Agreement shall not supersede, and Executive does not hereby waive his rights to, the acceleration of vesting arrangements that may be applicable to any Performance Awards. In no event shall any individual receive cash severance benefits under both this Agreement and any other severance pay or salary continuation program, plan or other arrangement with the Company or its subsidiaries. For the avoidance of doubt, in no event shall Executive receive payment under both Section 2 and Section 3 with respect to Executive's Separation.

(c) **Dispute Resolution.** To ensure rapid and economical resolution of any and all disputes that might arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, will be resolved solely and exclusively by final, binding, and confidential arbitration, by a single arbitrator, in Santa Clara County, and conducted by Judicial Arbitration & Mediation Services, Inc. ("JAMS") under its then-existing employment rules and procedures. Notwithstanding the foregoing agreement to resolve disputes in arbitration either party may obtain injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Each party shall be responsible for the payment of its own attorneys' fees.

(d) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with Federal Express Corporation, with shipping charges prepaid. In the case of the Executive, mailed notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(e) **Waiver.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is approved by the Board. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(g) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(h) **No Retention Rights.** Nothing in this Agreement shall confer upon the Executive any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or any subsidiary or parent of the Company or of the Executive, which rights are hereby expressly reserved by each, to terminate his service at any time and for any reason, with or without Cause.

(i) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California (other than its choice-of-law provisions).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the day and year first above written.

EXECUTIVE

UPWORK INC.

/s/ Stephane Kasriel
Stephane Kasriel

/s/ Thomas Layton
By: Thomas Layton
Title: Chair of the Board of Directors

/s/ Greg Gretsch
By: Greg Gretsch
Title: Chair of the Compensation Committee

CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This Change in Control and Severance Agreement (the “**Agreement**”) is entered into by and between Brian Kinion (the “**Executive**”) and Upwork Inc., a Delaware corporation (the “**Company**”), on May 23, 2018 (the “**Effective Date**”).

1. Term of Agreement.

Except to the extent renewed as set forth in this Section 1, this Agreement shall terminate the earlier of the third (3rd) anniversary of the Effective Date (the “**Expiration Date**”) or the date the Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination; *provided however*, if a definitive agreement relating to a Change in Control has been signed by the Company on or before the Expiration Date, then this Agreement shall remain in effect through the earlier of:

(a) The date the Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination, or

(b) The date the Company has met all of its obligations under this Agreement following a termination of the Executive’s employment with the Company due to a Qualifying Termination or CIC Qualifying Termination.

This Agreement shall renew automatically and continue in effect for three (3) year periods measured from the initial Expiration Date and each subsequent Expiration Date, unless the Company provides Executive notice of non-renewal at least three (3) months prior to the date on which this Agreement would otherwise renew. For the avoidance of doubt, and notwithstanding anything to the contrary in Section 2 or 3 below, the Company’s non-renewal of this Agreement shall not constitute a Qualifying Termination or CIC Qualifying Termination, as applicable.

2. Qualifying Termination. If the Executive is subject to a Qualifying Termination, then, subject to Sections 4, 9, and 10 below, Executive will be entitled to the following benefits:

(a) **Severance Benefits.** The Company shall pay the Executive six (6) months worth of his or her monthly base salary at the rate in effect at the time of the Separation. The Executive will receive his or her severance payment in a cash lump-sum in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

(b) **Continued Employee Benefits.** If Executive timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”), the Company shall pay the full amount of Executive’s COBRA premiums on behalf of the Executive for the Executive’s continued coverage under the Company’s health, dental and vision plans, including coverage for the Executive’s eligible dependents, for the same period that the Executive is paid severance benefits pursuant to Section 2(a) following the Executive’s Separation or, if earlier, until Executive is eligible to be covered under another substantially equivalent medical insurance plan by a subsequent employer.

3. CIC Qualifying Termination. If the Executive is subject to a CIC Qualifying Termination, then, subject to Sections 4, 9, and 10 below, Executive will be entitled to the following benefits:

(a) **Severance Payments.** The Company or its successor shall pay the Executive (i) twelve (12) months’ worth of his or her monthly base salary at the rates in effect at the time of the Separation and (ii) the prorated portion of his or her then-current target bonus opportunity for the portion of the current year that Executive served prior to the Separation (calculated based on the number of full months to date in the bonus year multiplied by 1/12 of the annual target bonus opportunity) at the rate in effect at the time of the Separation. Such payment shall be paid in a cash lump sum payment in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

(b) **Continued Employee Benefits.** Continuation of COBRA on the same terms as set forth in Section 2(b) above for the same period that the Executive is paid severance benefits pursuant to Section 3(a)(i) following the Executive's Separation or, if earlier, until Executive is eligible to be covered under another substantially equivalent medical insurance plan by a subsequent employer.

(c) **Equity.** Each of Executive's then outstanding Equity Awards shall accelerate and become vested and exercisable as to 100% of the shares subject to the Equity Award. Subject to satisfaction of the Release Conditions, the accelerated vesting described in this Section 3(c) shall be effective as of the Separation.

4. **General Release.** Any other provision of this Agreement notwithstanding, Executive is only eligible for the benefits under Section 2 and 3 if the Executive (i) has executed a general release of all known and unknown claims that he or she may then have against the Company or persons affiliated with the Company and such release has become effective and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims. The release must be in the form prescribed by the Company, without alterations (this document effecting the foregoing, the "**Release**"). The Company will deliver the form of Release to the Executive within ten (10) days after the Executive's Separation. The Executive must execute and return the Release within the time period specified in the form.

5. **Accrued Compensation and Benefits.** Notwithstanding anything to the contrary in Section 2 and Section 3 above, in connection with any termination of employment (whether or not a Qualifying Termination or CIC Qualifying Termination), the Company shall pay Executive's earned but unpaid base salary and other vested but unpaid cash entitlements for the period through and including the termination of employment, including unused earned vacation pay, if applicable, and unreimbursed documented business expenses incurred by Executive through and including the date of termination (collectively "**Accrued Compensation and Expenses**"), as required by law and the applicable Company plan or policy. In addition, Executive shall be entitled to any other vested benefits earned by Executive for the period through and including the termination date of Executive's employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein (collectively "**Accrued Benefits**"). Any Accrued Compensation and Expenses to which the Executive is entitled shall be paid to the Executive in cash as soon as administratively practicable after the termination and, in any event, no later than two and one-half (2-1/2) months after the end of the taxable year of the Executive in which the termination occurs or at such earlier time as may be required by Section 10 below or to such lesser extent as may be mandated by Section 9 below. Any Accrued Benefits to which the Executive is entitled shall be paid to the Executive as provided in the relevant plans and arrangements.

6. **Covenants.**

(a) **Invention Assignment and Confidentiality Agreement.** The Executive agrees and acknowledges that the Executive is bound by the Employee Invention Assignment and Confidentiality Agreement entered into by and between the Executive and the Company (the "**Confidentiality Agreement**"), including but not limited to the Executive's confidentiality, non-competition and non-solicitation obligations thereunder.

(b) **Non-Disparagement.** The Executive further agrees that, during the twenty-four (24) month period following his or her Separation, he or she shall not in any way or by any means disparage the Company, the members of the Board or the Company's officers and employees. Notwithstanding the foregoing, the Executive is not prohibited from cooperating with a government agency or testifying truthfully in any government inquiry or other proceeding or in which Executive is required to testify pursuant to subpoena or other valid legal process.

7. Definitions.

(a) “**Board**” means the Company’s board of directors.

(b) “**Cause**” means the Executive’s (i) unauthorized use or disclosure of the Company’s confidential information or trade secrets, which use or disclosure causes or is reasonably likely to cause material harm to the Company, (ii) material failure to comply with the Company’s written policies or rules, (iii) conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any state, (iv) gross negligence or willful misconduct, (v) continuing failure to perform assigned duties after receiving written notification of the failure from the Chief Executive Officer or Board, or (vi) failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive’s cooperation. The determination as to whether the Executive has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Executive. The term “Company” will be interpreted to include any subsidiary or parent of the Company, as appropriate.

(c) “**Code**” means the Internal Revenue Code of 1986, as amended.

(d) “**Change in Control**” means the occurrence of any of the following events, provided that the transaction (including any series of transactions) also qualifies as a change in control event under U.S. Treasury Regulation 1.409A-3(i)(5):

(i) any “Person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company’s then-outstanding voting securities; provided, however, that for purposes of this subclause (i) the acquisition of additional securities by any one Person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Change in Control;

(ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation;

(iv) any other transaction which qualifies as a “corporate transaction” under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the capital stock of the Company); or

(v) a change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purpose of this subclause (v), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

(e) “**CIC Qualifying Termination**” means a Separation (A) within twelve (12) months following a Change in Control or (B) within three (3) months preceding a Change in Control (but as to part (B), only if the Separation occurs after a Potential Change in Control) resulting, in either case (A) or (B), from (i) the Company terminating the Executive’s employment for any reason other than Cause or (ii) the Executive resigning his or her employment for Good Reason. A termination or resignation due to the Executive’s death or disability shall not constitute a CIC Qualifying Termination. A “**Potential Change in Control**” means the date of execution of a legally binding and definitive agreement for a corporate transaction which, if consummated, would constitute the applicable Change in Control (which for the avoidance of doubt, would include, for example, a merger agreement, but not a term sheet for a merger agreement). In the case of a termination following a Potential Change in Control and before a Change in Control, solely for purposes of benefits under this Agreement, the date of Separation will be deemed the date the Change in Control is consummated.

(f) “**Equity Awards**” means any and all options to purchase shares of Company common stock as well as any and all other stock-based awards granted to the Executive, including but not limited to stock bonus awards, restricted stock, restricted stock units or stock appreciation rights; provided, however, that “Equity Awards” expressly excludes any and all Performance Awards.

(g) “**Good Reason**” means, without the Executive’s consent, (i) a material reduction in duties, responsibilities or authority, (ii) a material reduction in Executive’s annual base salary or annual target bonus, or (iii) a requirement that Executive relocate Executive’s principal place of work to a location that increases Executive’s one-way commute by more than thirty-five (35) miles from Executive’s then-current work location. For the purpose of clause (i), solely in connection with a Change in Control, a change in responsibility shall not be deemed to occur (A) solely because Executive is part of a larger organization or (B) solely because of a change in title. For the Executive to receive the benefits under this Agreement as a result of a voluntary resignation under this subsection (g), all of the following requirements must be satisfied: (1) the Executive must provide notice to the Company of his or her intent to assert Good Reason within sixty (60) days of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii); (2) the Company will have thirty (30) days (the “**Company Cure Period**”) from the date of such notice to remedy the condition and, if it does so, the Executive may withdraw his or her resignation or may resign with no benefits under this Agreement; and (3) any termination of employment under this provision must occur within ten (10) days of the earlier of expiration of the Company Cure Period or written notice from the Company that it will not undertake to cure the condition set forth in subclauses (i) through (iii). Should the Company remedy the condition as set forth above and then one or more of the conditions arises again, the Executive may assert Good Reason again subject to all of the conditions set forth herein.

(h) “**Performance Awards**” means any and all stock-based awards that vest, in whole or in part, upon satisfaction of performance criteria.

(i) “**Release Conditions**” mean the following conditions occurring within sixty (60) days following the Separation: (i) the Company has received the Executive’s executed Release and (ii) any rescission period applicable to the Executive’s executed Release has expired without Executive rescinding the Release.

(j) “**Qualifying Termination**” means a Separation that is not a CIC Qualifying Termination, but which results from the Company terminating the Executive’s employment for any reason other than Cause. A termination or resignation due to the Executive’s death or disability shall not constitute a Qualifying Termination.

(k) “**Separation**” means a “separation from service,” as defined in the regulations under Section 409A of the Code.

8. Successors.

(a) **Company’s Successors.** The Company shall require any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets, by an agreement in substance and form satisfactory to the Executive, to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets or which becomes bound by this Agreement by operation of law.

(b) **Executive’s Successors.** This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. Golden Parachute Taxes.

(a) **Best After-Tax Result.** In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise (“**Payments**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this subsection (a), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax (“**Excise Tax**”), then, subject to the provisions of Section 10, such Payments shall be either (A) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (B) provided as to such lesser extent which would result in the Payments being \$1.00 less than the amount at which any portion of the Payments would be subject to the Excise Tax (“**Reduced Amount**”), whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to Executive (“**Independent Tax Counsel**”), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section, Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 9(a)(ii)(B) above applies, then based on the information provided to Executive and the Company by Independent Tax Counsel, Executive may, in Executive’s sole discretion and within thirty (30) days of the date on which Executive is provided with the information prepared by Independent Tax Counsel, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Tax Counsel in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the “**IRS**”) determines that any Payment is subject to the Excise Tax, then Section 9(b) hereof shall apply, and the enforcement of Section 9(b) shall be the exclusive remedy to the Company.

(b) **Adjustments.** If, notwithstanding any reduction described in Section 9(a) hereof (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within one-hundred twenty (120) days after a final IRS determination, an amount of such payments or benefits equal to the **“Repayment Amount.”** The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive’s net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero (0) if a Repayment Amount of more than zero (0) would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section 9(b), Executive shall pay the Excise Tax.

10. Miscellaneous Provisions.

(a) **Section 409A.** To the extent (i) any payments to which Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with Executive’s termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) Executive is deemed at the time of such termination of employment to be a “specified” employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the Executive’s Separation; or (ii) the date of Executive’s death following such Separation; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive’s beneficiary in one lump sum (without interest). Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A.

(b) **Other Arrangements.** This Agreement supersedes any and all cash severance arrangements and vesting acceleration arrangements under any offer letter or employment agreement, agreement governing Equity Awards, severance and salary continuation arrangements, programs and plans which were previously offered by the Company to the Executive, including change in control severance arrangements and vesting acceleration arrangements pursuant to an agreement governing Equity Awards, employment agreement or offer letter, and Executive hereby waives Executive’s rights to

such other benefits; provided that, for clarity, this Agreement shall not supersede, and Executive does not hereby waive his or her rights to, the acceleration of vesting arrangements that may be applicable to any Performance Awards. In no event shall any individual receive cash severance benefits under both this Agreement and any other severance pay or salary continuation program, plan or other arrangement with the Company or its subsidiaries. For the avoidance of doubt, in no event shall Executive receive payment under both Section 2 and Section 3 with respect to Executive's Separation.

(c) **Dispute Resolution.** To ensure rapid and economical resolution of any and all disputes that might arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, will be resolved solely and exclusively by final, binding, and confidential arbitration, by a single arbitrator, in Santa Clara County, and conducted by Judicial Arbitration & Mediation Services, Inc. ("JAMS") under its then-existing employment rules and procedures. Notwithstanding the foregoing agreement to resolve disputes in arbitration either party may obtain injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Each party shall be responsible for the payment of its own attorneys' fees.

(d) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with Federal Express Corporation, with shipping charges prepaid. In the case of the Executive, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(e) **Waiver.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by the Chief Executive Officer of the Company. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(g) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(h) **No Retention Rights.** Nothing in this Agreement shall confer upon the Executive any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or any subsidiary or parent of the Company or of the Executive, which rights are hereby expressly reserved by each, to terminate his service at any time and for any reason, with or without Cause.

(i) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California (other than its choice-of-law provisions).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

EXECUTIVE

UPWORK INC.

/s/ Brian Kinion

Brian Kinion

/s/ Stephane Kasriel

By: Stephane Kasriel

Title: CEO

CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This Change in Control and Severance Agreement (the “**Agreement**”) is entered into by and between Hayden Brown (the “**Executive**”) and Upwork Inc., a Delaware corporation (the “**Company**”), on May 29, 2018 (the “**Effective Date**”).

1. Term of Agreement.

Except to the extent renewed as set forth in this Section 1, this Agreement shall terminate the earlier of the third (3rd) anniversary of the Effective Date (the “**Expiration Date**”) or the date the Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination; *provided however*, if a definitive agreement relating to a Change in Control has been signed by the Company on or before the Expiration Date, then this Agreement shall remain in effect through the earlier of:

(a) The date the Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination, or

(b) The date the Company has met all of its obligations under this Agreement following a termination of the Executive’s employment with the Company due to a Qualifying Termination or CIC Qualifying Termination.

This Agreement shall renew automatically and continue in effect for three (3) year periods measured from the initial Expiration Date and each subsequent Expiration Date, unless the Company provides Executive notice of non-renewal at least three (3) months prior to the date on which this Agreement would otherwise renew. For the avoidance of doubt, and notwithstanding anything to the contrary in Section 2 or 3 below, the Company’s non-renewal of this Agreement shall not constitute a Qualifying Termination or CIC Qualifying Termination, as applicable.

2. Qualifying Termination. If the Executive is subject to a Qualifying Termination, then, subject to Sections 4, 9, and 10 below, Executive will be entitled to the following benefits:

(a) **Severance Benefits.** The Company shall pay the Executive six (6) months’ worth of his or her monthly base salary at the rate in effect at the time of the Separation. The Executive will receive his or her severance payment in a cash lump-sum in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

(b) **Continued Employee Benefits.** If Executive timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”), the Company shall pay the full amount of Executive’s COBRA premiums on behalf of the Executive for the Executive’s continued coverage under the Company’s health, dental and vision plans, including coverage for the Executive’s eligible dependents, for the same period that the Executive is paid severance benefits pursuant to Section 2(a) following the Executive’s Separation or, if earlier, until Executive is eligible to be covered under another substantially equivalent medical insurance plan by a subsequent employer.

3. CIC Qualifying Termination. If the Executive is subject to a CIC Qualifying Termination, then, subject to Sections 4, 9, and 10 below, Executive will be entitled to the following benefits:

(a) **Severance Payments.** The Company or its successor shall pay the Executive (i) twelve (12) months’ worth of his or her monthly base salary at the rates in effect at the time of the Separation and (ii) the prorated portion of his or her then-current target bonus opportunity for the portion of the current year that Executive served prior to the Separation (calculated based on the number of full months to date in the bonus year multiplied by 1/12 of the annual target bonus opportunity) at the rate in effect at the time of the Separation. Such payment shall be paid in a cash lump sum payment in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

(b) **Continued Employee Benefits.** Continuation of COBRA on the same terms as set forth in Section 2(b) above for the same period that the Executive is paid severance benefits pursuant to Section 3(a)(i) following the Executive's Separation or, if earlier, until Executive is eligible to be covered under another substantially equivalent medical insurance plan by a subsequent employer.

(c) **Equity.** Each of Executive's then outstanding Equity Awards shall accelerate and become vested and exercisable as to 100% of the shares subject to the Equity Award. Subject to satisfaction of the Release Conditions, the accelerated vesting described in this Section 3(c) shall be effective as of the Separation.

4. **General Release.** Any other provision of this Agreement notwithstanding, Executive is only eligible for the benefits under Section 2 and 3 if the Executive (i) has executed a general release of all known and unknown claims that he or she may then have against the Company or persons affiliated with the Company and such release has become effective and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims. The release must be in the form prescribed by the Company, without alterations (this document effecting the foregoing, the "**Release**"). The Company will deliver the form of Release to the Executive within ten (10) days after the Executive's Separation. The Executive must execute and return the Release within the time period specified in the form.

5. **Accrued Compensation and Benefits.** Notwithstanding anything to the contrary in Section 2 and Section 3 above, in connection with any termination of employment (whether or not a Qualifying Termination or CIC Qualifying Termination), the Company shall pay Executive's earned but unpaid base salary and other vested but unpaid cash entitlements for the period through and including the termination of employment, including unused earned vacation pay, if applicable, and unreimbursed documented business expenses incurred by Executive through and including the date of termination (collectively "**Accrued Compensation and Expenses**"), as required by law and the applicable Company plan or policy. In addition, Executive shall be entitled to any other vested benefits earned by Executive for the period through and including the termination date of Executive's employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein (collectively "**Accrued Benefits**"). Any Accrued Compensation and Expenses to which the Executive is entitled shall be paid to the Executive in cash as soon as administratively practicable after the termination and, in any event, no later than two and one-half (2-1/2) months after the end of the taxable year of the Executive in which the termination occurs or at such earlier time as may be required by Section 10 below or to such lesser extent as may be mandated by Section 9 below. Any Accrued Benefits to which the Executive is entitled shall be paid to the Executive as provided in the relevant plans and arrangements.

6. **Covenants.**

(a) **Invention Assignment and Confidentiality Agreement.** The Executive agrees and acknowledges that the Executive is bound by the Employee Invention Assignment and Confidentiality Agreement entered into by and between the Executive and the Company (the "**Confidentiality Agreement**"), including but not limited to the Executive's confidentiality, non-competition and non-solicitation obligations thereunder.

(b) **Non-Disparagement.** The Executive further agrees that, during the twenty-four (24) month period following his or her Separation, he or she shall not in any way or by any means disparage the Company, the members of the Board or the Company's officers and employees. Notwithstanding the foregoing, the Executive is not prohibited from cooperating with a government agency or testifying truthfully in any government inquiry or other proceeding or in which Executive is required to testify pursuant to subpoena or other valid legal process.

7. Definitions.

(a) “**Board**” means the Company’s board of directors.

(b) “**Cause**” means the Executive’s (i) unauthorized use or disclosure of the Company’s confidential information or trade secrets, which use or disclosure causes or is reasonably likely to cause material harm to the Company, (ii) material failure to comply with the Company’s written policies or rules, (iii) conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any state, (iv) gross negligence or willful misconduct, (v) continuing failure to perform assigned duties after receiving written notification of the failure from the Chief Executive Officer or Board, or (vi) failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive’s cooperation. The determination as to whether the Executive has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Executive. The term “Company” will be interpreted to include any subsidiary or parent of the Company, as appropriate.

(c) “**Code**” means the Internal Revenue Code of 1986, as amended.

(d) “**Change in Control**” means the occurrence of any of the following events, provided that the transaction (including any series of transactions) also qualifies as a change in control event under U.S. Treasury Regulation 1.409A-3(i)(5):

(i) any “Person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company’s then-outstanding voting securities; provided, however, that for purposes of this subclause (i) the acquisition of additional securities by any one Person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Change in Control;

(ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation;

(iv) any other transaction which qualifies as a “corporate transaction” under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the capital stock of the Company); or

(v) a change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purpose of this subclause (v), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

(e) “**CIC Qualifying Termination**” means a Separation (A) within twelve (12) months following a Change in Control or (B) within three (3) months preceding a Change in Control (but as to part (B), only if the Separation occurs after a Potential Change in Control) resulting, in either case (A) or (B), from (i) the Company terminating the Executive’s employment for any reason other than Cause or (ii) the Executive resigning his or her employment for Good Reason. A termination or resignation due to the Executive’s death or disability shall not constitute a CIC Qualifying Termination. A “**Potential Change in Control**” means the date of execution of a legally binding and definitive agreement for a corporate transaction which, if consummated, would constitute the applicable Change in Control (which for the avoidance of doubt, would include, for example, a merger agreement, but not a term sheet for a merger agreement). In the case of a termination following a Potential Change in Control and before a Change in Control, solely for purposes of benefits under this Agreement, the date of Separation will be deemed the date the Change in Control is consummated.

(f) “**Equity Awards**” means any and all options to purchase shares of Company common stock as well as any and all other stock-based awards granted to the Executive, including but not limited to stock bonus awards, restricted stock, restricted stock units or stock appreciation rights; provided, however, that “Equity Awards” expressly excludes any and all Performance Awards.

(g) “**Good Reason**” means, without the Executive’s consent, (i) a material reduction in duties, responsibilities or authority, (ii) a material reduction in Executive’s annual base salary or annual target bonus, or (iii) a requirement that Executive relocate Executive’s principal place of work to a location that increases Executive’s one-way commute by more than thirty-five (35) miles from Executive’s then-current work location. For the purpose of clause (i), a change in responsibility shall not be deemed to occur (A) solely because Executive is part of a larger organization or (B) solely because of a change in title. For the Executive to receive the benefits under this Agreement as a result of a voluntary resignation under this subsection (g), all of the following requirements must be satisfied: (1) the Executive must provide notice to the Company of his or her intent to assert Good Reason within sixty (60) days of the initial existence of one or more of the conditions set forth in subclauses (i) through (ii); (2) the Company will have thirty (30) days (the “**Company Cure Period**”) from the date of such notice to remedy the condition and, if it does so, the Executive may withdraw his or her resignation or may resign with no benefits under this Agreement; and (3) any termination of employment under this provision must occur within ten (10) days of the earlier of expiration of the Company Cure Period or written notice from the Company that it will not undertake to cure the condition set forth in subclauses (i) through (ii). Should the Company remedy the condition as set forth above and then one or more of the conditions arises again, the Executive may assert Good Reason again subject to all of the conditions set forth herein.

(h) “**Performance Awards**” means any and all stock-based awards that vest, in whole or in part, upon satisfaction of performance criteria.

(i) “**Release Conditions**” mean the following conditions occurring within sixty (60) days following the Separation: (i) the Company has received the Executive’s executed Release and (ii) any rescission period applicable to the Executive’s executed Release has expired without Executive rescinding the Release.

(j) “**Qualifying Termination**” means a Separation that is not a CIC Qualifying Termination, but which results from the Company terminating the Executive’s employment for any reason other than Cause. A termination or resignation due to the Executive’s death or disability shall not constitute a Qualifying Termination.

(k) “**Separation**” means a “separation from service,” as defined in the regulations under Section 409A of the Code.

8. Successors.

(a) **Company’s Successors.** The Company shall require any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets, by an agreement in substance and form satisfactory to the Executive, to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets or which becomes bound by this Agreement by operation of law.

(b) **Executive’s Successors.** This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. Golden Parachute Taxes.

(a) **Best After-Tax Result.** In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise (“**Payments**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this subsection (a), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax (“**Excise Tax**”), then, subject to the provisions of Section 10, such Payments shall be either (A) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (B) provided as to such lesser extent which would result in the Payments being \$1.00 less than the amount at which any portion of the Payments would be subject to the Excise Tax (“**Reduced Amount**”), whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to Executive (“**Independent Tax Counsel**”), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section, Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 9(a)(ii)(B) above applies, then based on the information provided to Executive and the Company by Independent Tax Counsel, Executive may, in Executive’s sole discretion and within thirty (30) days of the date on which Executive is provided with the information prepared by Independent Tax Counsel, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Tax Counsel in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the “**IRS**”) determines that any Payment is subject to the Excise Tax, then Section 9(b) hereof shall apply, and the enforcement of Section 9(b) shall be the exclusive remedy to the Company.

(b) **Adjustments.** If, notwithstanding any reduction described in Section 9(a) hereof (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within one-hundred twenty (120) days after a final IRS determination, an amount of such payments or benefits equal to the **“Repayment Amount.”** The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive’s net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero (0) if a Repayment Amount of more than zero (0) would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section 9(b), Executive shall pay the Excise Tax.

10. Miscellaneous Provisions.

(a) **Section 409A.** To the extent (i) any payments to which Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with Executive’s termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) Executive is deemed at the time of such termination of employment to be a “specified” employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the Executive’s Separation; or (ii) the date of Executive’s death following such Separation; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive’s beneficiary in one lump sum (without interest). Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A.

(b) **Other Arrangements.** This Agreement supersedes any and all cash severance arrangements and vesting acceleration arrangements under any offer letter or employment agreement, agreement governing Equity Awards, severance and salary continuation arrangements, programs and

plans which were previously offered by the Company to the Executive, including change in control severance arrangements and vesting acceleration arrangements pursuant to an agreement governing Equity Awards, employment agreement or offer letter, and Executive hereby waives Executive's rights to such other benefits; provided that, for clarity, this Agreement shall not supersede, and Executive does not hereby waive his or her rights to, the acceleration of vesting arrangements that may be applicable to any Performance Awards. In no event shall any individual receive cash severance benefits under both this Agreement and any other severance pay or salary continuation program, plan or other arrangement with the Company or its subsidiaries. For the avoidance of doubt, in no event shall Executive receive payment under both Section 2 and Section 3 with respect to Executive's Separation.

(c) **Dispute Resolution.** To ensure rapid and economical resolution of any and all disputes that might arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, will be resolved solely and exclusively by final, binding, and confidential arbitration, by a single arbitrator, in Santa Clara County, and conducted by Judicial Arbitration & Mediation Services, Inc. ("JAMS") under its then-existing employment rules and procedures. Notwithstanding the foregoing agreement to resolve disputes in arbitration either party may obtain injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Each party shall be responsible for the payment of its own attorneys' fees.

(d) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with Federal Express Corporation, with shipping charges prepaid. In the case of the Executive, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(e) **Waiver.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by the Chief Executive Officer of the Company. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(g) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(h) **No Retention Rights.** Nothing in this Agreement shall confer upon the Executive any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or any subsidiary or parent of the Company or of the Executive, which rights are hereby expressly reserved by each, to terminate his service at any time and for any reason, with or without Cause.

(i) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California (other than its choice-of-law provisions).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

EXECUTIVE

UPWORK INC.

/s/ Hayden Brown

Hayden Brown

/s/ Stephane Kasriel

By: Stephane Kasriel

Title: CEO



May 23, 2018

Stephane Kasriel

Re: Amended and Restated Offer Letter

Dear Stephane:

This letter amends and restates your offer letter dated May 30, 2012, as amended October 17, 2013, March 24, 2014, April 16, 2015, April 26, 2016 and May 5, 2017, in its entirety. On behalf of Upwork Inc. (the "Company"), I am pleased to confirm your continued full-time employment in the position of President and Chief Executive Officer reporting to the Company's Board of Directors. You will be based in Mountain View, but will be expected to travel to other locations as required.

The terms of our offer and the benefits currently provided by the Company are as follows:

- 1. Position.** This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.
- 2. Cash Compensation.** Effective May 1, 2018, your base salary will be at an annualized rate of \$480,000 per year, payable in accordance with the Company's standard payroll schedule. The base salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time.
- 3. Bonus.** For 2018, you will be eligible to participate in the Company's 2018 performance bonus plan (the "Bonus Plan"), with a target bonus eligibility of 56.25% of the regular salary payments you earned during 2018, exclusive of any other earnings, such as bonus, premium, or pay during leave, means it the bonus is effectively pro-rated if you are on a leave of absence. Your bonus eligibility is subject to the terms of the Bonus Plan, which will be provided to you.
- 4. Benefits.** The Company currently has an unlimited time off policy, and you will be eligible to take time off work with pay in accordance with the Company's time off policies then in effect. You will also be eligible to participate in benefit plans established by the Company for its employees from time to time.
- 5. Termination of Employment.** You will be eligible to receive certain change in control and severance payments and benefits under a Change in Control and Severance Agreement between you and the Company in substantially the form attached to this offer letter as **Exhibit A**.



6. At-Will Employment. Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations, whether written or oral, that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a member of the Company’s Board of Directors other than you.

7. Confidentiality and Intellectual Property; Arbitration. By signing this letter agreement, you reaffirm the terms and conditions of the Employee Invention Assignment and Confidentiality Agreement by and between you and the Company and the Upwork Inc. Employee Dispute Resolution Agreement by and between you and the Company.

8. Former Employer or Third Party Information. You will not, at any time during your employment with the Company, improperly use, retain or disclose any confidential or proprietary material of any former employer or other third party, whether or not it was created by you, or violate any other obligations, including non-compete provisions, you may have to any former employer or other third party. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company.

9. Tax Matters.

a. *Withholding.* All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law

b. *Tax Advice.* You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

[Remainder of page intentionally left blank.]



10. Entire Agreement. Except to the extent otherwise explicitly provided herein, this letter agreement, and the agreements incorporated herein by reference, supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a member of the Company's Board of Directors other than you.

On behalf of the Company,

/s/ Thomas Layton

Thomas Layton
Chair of the Board of Directors

/s/ Greg Gretsich

Greg Gretsich
Chair of the Compensation Committee

I agree to and accept continued employment with Upwork Inc. on the terms and conditions set forth in this agreement. I understand and agree that my employment with the Company is at will.

/s/ Stephane Kasriel

Stephane Kasriel

5/24/2018

Today's Date

EXHIBIT A

Change in Control and Severance Agreement



May 23, 2018

Brian Kinion

Re: Amended and Restated Offer Letter

Dear Brian:

This letter amends and restates your offer letter dated October 27, 2017 in its entirety. On behalf of Upwork Inc. (the "Company"), I am pleased to confirm your continued full-time employment in the position of Chief Financial Officer reporting to Stephane Kasriel. You will be based in Mountain View, but will be expected to travel to other locations as required.

The terms of our offer and the benefits currently provided by the Company are as follows:

1. Position. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. Cash Compensation. Effective May 1, 2018, your base salary will be at an annualized rate of \$350,000 per year, payable in accordance with the Company's standard payroll schedule. The base salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time.

3. Bonus. For 2018, you will be eligible to participate in the Company's 2018 performance bonus plan (the "Bonus Plan"), with a target bonus eligibility of 40% of the regular salary payments you earned during 2018, exclusive of any other earnings, such as bonus, premium, or pay during leave, means it the bonus is effectively pro-rated if you are on a leave of absence. Your bonus eligibility is subject to the terms of the Bonus Plan, which will be provided to you.

4. Benefits. The Company currently has an unlimited time off policy, and you will be eligible to take time off work with pay in accordance with the Company's time off policies then in effect. You will also be eligible to participate in benefit plans established by the Company for its employees from time to time.

5. Termination of Employment. You will be eligible to receive certain change in control and severance payments and benefits under a Change in Control and Severance Agreement between you and the Company in substantially the form attached to this offer letter as **Exhibit A**.



6. At-Will Employment. Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations, whether written or oral, that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and the Company’s CEO.

7. Confidentiality and Intellectual Property; Arbitration. By signing this letter agreement, you reaffirm the terms and conditions of the Employee Invention Assignment and Confidentiality Agreement by and between you and the Company and the Upwork Inc. Employee Dispute Resolution Agreement by and between you and the Company.

8. Former Employer or Third Party Information. You will not, at any time during your employment with the Company, improperly use, retain or disclose any confidential or proprietary material of any former employer or other third party, whether or not it was created by you, or violate any other obligations, including non-compete provisions, you may have to any former employer or other third party. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company.

9. Tax Matters.

a. *Withholding.* All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law

b. *Tax Advice.* You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

[Remainder of page intentionally left blank.]



10. Entire Agreement. Except to the extent otherwise explicitly provided herein, this letter agreement, and the agreements incorporated herein by reference, supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company other than you.

On behalf of the Company,

/s/ Stephane Kasriel

Stephane Kasriel

CEO

I agree to and accept continued employment with Upwork Inc. on the terms and conditions set forth in this agreement. I understand and agree that my employment with the Company is at will.

/s/ Brian Kinion

Brian Kinion

5/23/18

Today's Date

EXHIBIT A

Change in Control and Severance Agreement



May 29, 2018

Hayden Brown

Re: Amended and Restated Offer Letter

Dear Hayden:

This letter amends and restates your offer letter dated April 8, 2015, as amended June 29, 2015, December 24, 2015, February 10, 2017, October 2, 2017 and February 7, 2018, in its entirety. On behalf of Upwork Inc. (the "Company"), I am pleased to confirm your continued full-time employment in the position of Senior Vice President, Product and Design reporting to Stephane Kasriel. You will be based in Mountain View, but will be expected to travel to other locations as required.

The terms of our offer and the benefits currently provided by the Company are as follows:

1. Position. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. Cash Compensation. Effective May 1, 2018, your base salary will be at an annualized rate of \$345,000 per year, payable in accordance with the Company's standard payroll schedule. The base salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time.

3. Bonus. For 2018, you will be eligible to participate in the Company's 2018 performance bonus plan (the "Bonus Plan"), with a target bonus eligibility of 30% of the regular salary payments you earned during 2018, exclusive of any other earnings, such as bonus, premium, or pay during leave, meaning the bonus is effectively pro-rated if you are on a leave of absence. Your bonus eligibility is subject to the terms of the Bonus Plan, which will be provided to you.

4. Benefits. The Company currently has an unlimited time off policy, and you will be eligible to take time off work with pay in accordance with the Company's time off policies then in effect. You will also be eligible to participate in benefit plans established by the Company for its employees from time to time.

5. Termination of Employment. You will be eligible to receive certain change in control and severance payments and benefits under a Change in Control and Severance Agreement between you and the Company in substantially the form attached to this offer letter as **Exhibit A**.



6. At-Will Employment. Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations, whether written or oral, that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and the Company’s CEO.

7. Confidentiality and Intellectual Property; Arbitration. By signing this letter agreement, you reaffirm the terms and conditions of the Employee Invention Assignment and Confidentiality Agreement by and between you and the Company and the Upwork Inc. Employee Dispute Resolution Agreement by and between you and the Company.

8. Former Employer or Third Party Information. You will not, at any time during your employment with the Company, improperly use, retain or disclose any confidential or proprietary material of any former employer or other third party, whether or not it was created by you, or violate any other obligations, including non-compete provisions, you may have to any former employer or other third party. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company.

9. Tax Matters.

a. *Withholding.* All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law

b. *Tax Advice.* You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

[Remainder of page intentionally left blank.]



10. Entire Agreement. Except to the extent otherwise explicitly provided herein, this letter agreement, and the agreements incorporated herein by reference, supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company other than you.

On behalf of the Company,

/s/ Stephane Kasriel

Stephane Kasriel

CEO

I agree to and accept continued employment with Upwork Inc. on the terms and conditions set forth in this agreement. I understand and agree that my employment with the Company is at will.

/s/ Hayden Brown

Hayden Brown

5/29/18

Today's Date

EXHIBIT A

Change in Control and Severance Agreement

February 25, 2015

Elizabeth Nelson

Re: Elance-oDesk, Inc. Board of Directors

Dear Betsey:

I speak both for myself and for the Board of Directors, as well as the other management team members of Elance-oDesk, Inc. (the "Company") you know, in saying how much we have all enjoyed working with you over the last few years. It is clear that your experience and talent will be of enormous benefit to the Company.

On behalf of the Company, I am pleased to present you our offer to become a member of the Company's Board of Directors (the "Board") and Chair of the Board's Audit Committee. As a Board member, you will be responsible for attending in person or by telephone, all Board meetings and all meetings of Board committees on which you sit, including all meetings of the Audit Committee. In addition, from time to time, we would like to have the benefit of your experience and insight regarding various Company-related matters.

As a member of the Board and Chair of the Audit Committee, you will have the roles, responsibilities and fiduciary duties of a director as set forth in applicable corporate law and the Company's governing corporate documents, committee charters and policies, copies of which are available upon request. Your appointment to the Board is for an indefinite term, however you may be removed from the Board at any time for any reason by the Board or stockholders of the Company, in accordance with applicable corporate law and the Company's governing corporate documents. You agree that this letter does not create any employer/employee relationship with the Company and that you will not be entitled to participate in any of the Company's employee benefit plans, other than as provided in this letter.

Upon your appointment to the Board, the Company agrees to recommend to the Board that you be granted a non-qualified option to purchase up to 340,000 shares of the Company's Common Stock (the "Option"). The exercise price per share of the Option will be equal to the fair market value per share on the date the Option is granted, as determined by the Board in good faith. There is no guarantee that the Internal Revenue Service will agree with this value. You should consult with your own tax advisor concerning the tax consequences associated with accepting the Option. The Option will be subject to the terms and conditions of the Company's 2014 Equity Incentive Plan (the "Plan") and the applicable stock option agreement. The Option will be immediately exercisable, however the shares issued upon exercise thereof will be subject

to the Company's right of repurchase to the extent that any such shares remain unvested as of your last date of Board service at the original exercise price that you paid. The Option will vest, so long as you serve as a director of the Company, with respect to 1/48th of the shares upon your completion of each month of Board service with the Company, which vesting will commence with your first date of service as a director of the Company. In the event of an Acquisition (as defined in Section 14 of the Plan) while you are a Board member, the Option will become fully vested immediately with respect to 100% of the shares issued or issuable thereunder as of immediately prior to the closing of the Acquisition.

The Company will reimburse reasonable travel and other business expenses in connection with your duties as a Board member in accordance with the Company's generally applicable policies. In addition, you will receive certain indemnification rights with respect to your service as a Board member, provided that you execute the Company's form of indemnification agreement. The Company currently maintains Directors & Officers insurance coverage from a reputable insurer. Details of such coverage are available upon request.

In connection with your Board service, you will become privy to and in possession of technical, business, or financial information, knowledge and/or data concerning or relating to the business or financial affairs of the Company, including (without limitation) the identity of and information relating to customers or employees and information the Company has received and in the future will receive from third parties that is subject to a duty from the Company to maintain the confidentiality of such information and to use it only for certain limited purposes (collectively, "Confidential Information"). To the extent such Confidential Information is not generally publicly known, or to the extent otherwise required by law, you agree not to use such Confidential Information (except in connection with your services as a director of the Company) and to at all times keep confidential and not disclose, furnish or make assessable such Confidential Information to any third party and to take reasonable steps to maintain the confidential nature of such Confidential Information. When you cease to be a Board member, you must return all Confidential Information to the Company.

As a precautionary matter and to avoid any conflicts of interest, we ask that while this letter is in effect that you do not provide advice to or otherwise provide services to any Company competitor. In addition, we ask that you inform the Company of any potential, actual, direct or indirect conflict of interest that you think exists or may arise as a result of your relationship with Company, so that we may come to a quick and mutually agreeable resolution. By signing this letter you also represent and warrant that neither this letter nor the performance thereof will conflict with or violate any obligation of yours or right of any third party, and further that you will not disclose any third party proprietary or confidential information to the Company in connection with your Board services.

This letter will be governed by and construed under the laws of the State of Delaware without regard to principles of conflicts of laws or choice of laws, and may be amended only by a written agreement of both you and the Company. The foregoing constitutes the complete agreement between us with respect to the subject matter hereof and supersede in all respects all prior or contemporaneous proposals, negotiations, conversations, discussions and agreements between us. This letter may be executed in counterparts, each of which will be considered an original, but all of which together will constitute one agreement. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.

Betsey, I am excited about you joining our Board at a key time for the Company and look forward to working with you to help make the Company truly great and prosperous. Please acknowledge your receipt of and agreement with this letter by signing and dating this letter and returning it to me.

Very truly yours,

ELANCE-ODESK, INC.

By: /s/ Fabio Rosati

Name: Fabio Rosati

Title: CEO

ACCEPTED AND AGREED:

Elizabeth Nelson

/s/ Elizabeth Nelson

Signature

3-1-15

Date

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this “Agreement”) dated as of September 19, 2017 (the “**Effective Date**”) between (a) **SILICON VALLEY BANK**, a California corporation (“**Bank**”), and (b) **UPWORK INC.**, a Delaware corporation, **ELANCE, INC.**, a Delaware corporation, **UPWORK GLOBAL INC.**, a California corporation, and **UPWORK TALENT GROUP INC.**, a Delaware corporation (each and together, jointly and severally, “**Borrower**”), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree 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.

2.2 Revolving Line.

(a) **Availability.** Subject to the terms and conditions of this Agreement, to the completion of the Initial Audit, 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.

2.3 Cash Management Services Sublimit. Borrower may use the Revolving Line in an aggregate amount not to exceed the lesser of (A) (i) Two Million Five Hundred Thousand Dollars (\$2,500,000), minus (ii) the aggregate Dollar Equivalent of the face amount of any outstanding Letters of Credit issued by Bank (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve) (provided, however, the aggregate amount of Letters of Credit referred to in clause (ii) shall not be deducted from clause (i) if such Letters of Credit are secured by cash collateral pursuant to Section 4.1) or (B) (i) the lesser of the Revolving Line or the Borrowing Base, minus (ii) the sum of all outstanding principal amounts of any Advances, minus (iii) the aggregate Dollar Equivalent of the face amount of any outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve), for Bank’s cash management services, which may include merchant services, direct deposit of payroll, business credit card, and check cashing services identified in Bank’s various cash management services agreements (collectively, the “**Cash Management Services**”). Any amounts Bank pays on behalf of Borrower for any Cash Management Services will be treated as Advances under the Revolving Line and will accrue interest at the interest rate applicable to Advances.

2.4 Letters of Credit Sublimit.

(a) As part of the Revolving Line, Bank shall issue or have issued Letters of Credit denominated in Dollars or a Foreign Currency for Borrower’s account. The aggregate Dollar Equivalent amount utilized for the issuance of Letters of Credit issued by Bank shall at all times reduce the amount otherwise available for Advances under the Revolving Line unless such Letters of Credit are secured by cash collateral pursuant to Section 4.1. The aggregate Dollar Equivalent of the face amount of outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve) may not exceed the lesser of (A) (i) Two Million Five Hundred Thousand Dollars (\$2,500,000), minus (ii) the sum of all amounts used for Cash Management Services or (B) (i) the lesser of the Revolving Line or the Borrowing Base, minus (ii) the sum of all outstanding principal amounts of any Advances (including any amounts used for Cash Management Services).

(b) If, on the Revolving Line Maturity Date (or the effective date of any termination of this Agreement), there are any outstanding Letters of Credit, then on such date Borrower shall provide to Bank cash collateral in an amount equal to at least one hundred percent (100%) for Letters of Credit denominated in Dollars or at least one hundred five percent (105%) for Letters of Credit denominated in a Foreign Currency, in each case of the aggregate Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or estimated by Bank to become due in connection therewith, to secure all of the Obligations relating to such Letters of Credit. All Letters of Credit shall be in form and substance reasonably acceptable to Bank in its sole discretion and shall be subject to the terms and conditions of Bank's standard Application and Letter of Credit Agreement (the "**Letter of Credit Application**"). Borrower agrees to execute any further documentation in connection with the Letters of Credit as Bank may reasonably request. Borrower further agrees to be bound by the regulations and interpretations of the issuer of any Letters of Credit guaranteed by Bank and opened for Borrower's account or by Bank's interpretations of any Letter of Credit issued by Bank for Borrower's account, and Borrower understands and agrees that Bank shall not be liable for any error, negligence, or mistake, whether of omission or commission, in following Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments, or supplements thereto.

(c) The obligation of Borrower to immediately reimburse Bank for drawings made under Letters of Credit shall be absolute, unconditional, and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, such Letters of Credit, and the Letter of Credit Application.

(d) Borrower may request that Bank issue a Letter of Credit payable in a Foreign Currency. If a demand for payment is made under any such Letter of Credit, Bank shall treat such demand as an Advance to Borrower of the Dollar Equivalent of the amount thereof (plus fees and charges in connection therewith such as wire, cable, SWIFT or similar charges).

(e) To guard against fluctuations in currency exchange rates, upon the issuance of any Letter of Credit payable in a Foreign Currency, Bank shall create a reserve (the "**Letter of Credit Reserve**") under the Revolving Line in an amount equal to a percentage (which percentage shall be determined by Bank in its reasonable discretion) of the face amount of such Letter of Credit. The amount of the Letter of Credit Reserve may be adjusted by Bank from time to time to account for fluctuations in the exchange rate. The availability of funds under the Revolving Line shall be reduced by the amount of such Letter of Credit Reserve for as long as such Letter of Credit remains outstanding.

2.5 Term Loan.

(a) Availability. Subject to the terms and conditions of this Agreement, on the Effective Date, Bank shall make a term loan to Borrower in the original principal amount of Fifteen Million Dollars (\$15,000,000) (the "**Term Loan**"). After repayment, the Term Loan (or any portion thereof) may not be reborrowed.

(b) Repayment. Commencing on the first Payment Date following the Effective Date, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of the Term Loan at the rate set forth in Section 2.7(a)(ii). Commencing on the first Payment Date following the expiration of the Interest Only Period, and continuing on each Payment Date thereafter, Borrower shall repay the Term Loan in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above. All outstanding principal and accrued and unpaid interest under the Term Loan, and all other outstanding Obligations with respect to the Term Loan, are due and payable in full on the Term Loan Maturity Date.

(c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the Term Loan, provided Borrower (i) delivers written notice to Bank of its election to prepay the Term Loan at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal plus accrued and unpaid interest with respect to the Term Loan, and (B) all other sums, if any, that shall have become due and payable with respect to the Term Loan, including interest at the Default Rate with respect to any past due amounts.

(d) Mandatory Prepayment Upon an Acceleration. If the Term Loan is accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan, and (ii) all other sums, if any, that shall have become due and payable with respect to the Term Loan, including interest at the Default Rate with respect to any past due amounts.

2.6 Overadvances. If, at any time, the sum of (a) the outstanding principal amount of any Advances (including any amounts used for Cash Management Services), plus (b) the face amount of any outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve), 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 a per annum rate equal to the rate that is otherwise applicable to Advances plus five percent (5.0%).

2.7 Payment of Interest on the Credit Extensions.

(a) Interest Rates.

(i) Advances. Subject to Section 2.7(b), the principal amount outstanding under the Revolving Line shall accrue interest at a floating per annum rate equal to the Prime Rate, which interest shall be payable monthly in accordance with Section 2.7(d) below.

(ii) Term Loan. Subject to Section 2.7(b), the principal amount outstanding under the Term Loan shall accrue interest at a floating per annum rate equal to one-quarter of one percent (0.25%) above the Prime Rate, which interest shall be payable monthly in accordance with Section 2.7(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 percent (5.00%) above the rate that is otherwise applicable thereto (the “**Default Rate**”). 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 2.7(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 Payment Date 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 2:00 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.

2.8 Fees. Borrower shall pay to Bank:

(a) Commitment Fee. A fully earned, non-refundable commitment fee of Sixty Two Thousand Five Hundred Dollars (\$62,500), on the Effective Date, less the good faith deposit of Twenty Thousand Dollars (\$20,000) previously remitted by Borrower to Bank.

(b) Bank Expenses. All documented Bank Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement, which fees for the documentation and negotiation of this Agreement will not exceed \$25,000 provided no more than two turns of the Loan Documents and provided further that any legal fees in excess of \$25,000 shall require Bank's counsel to provide an itemized bill containing detailed task descriptions with associated time expended for each task) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

(c) Letter of Credit Fee. Bank's customary fees and expenses for the issuance or renewal of Letters of Credit, upon the issuance of such Letter of Credit, each anniversary of the issuance during the term of such Letter of Credit, and upon the renewal of such Letter of Credit by Bank.

(d) 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 2.8 pursuant to the terms of Section 2.9(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 2.8.

2.9 Payments; Application of Payments; Debit of Accounts.

(a) All payments to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 2:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 2:00 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 Borrower's deposit accounts, including the Designated Deposit Account, and any other accounts which are mutually agreed upon in advance, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

2.10 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 2.10 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 signatures to the Loan Documents;

(b) [reserved];

(c) the Operating Documents and long-form good standing certificates of Borrower certified by the Secretary of State (or equivalent agency) of Borrower's jurisdiction of organization or formation and each jurisdiction in which Borrower is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date;

(d) a secretary's certificate of Borrower with respect to such Borrower's Operating Documents, incumbency, specimen signatures and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(e) duly executed signatures to the completed Borrowing Resolutions for Borrower;

(f) [reserved];

(g) duly executed signature to a payoff letter from Pacific Western Bank;

(h) evidence that (i) the Liens securing Indebtedness owed by Borrower to Pacific Western Bank will be terminated and (ii) the documents and/or filings evidencing the perfection of such Liens, including without limitation any financing statements and/or control agreements, have or will, concurrently with the initial Credit Extension, be terminated;

(i) certified copies, dated as of a recent date, of financing statement searches, as Bank may reasonably 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;

(j) the Perfection Certificate of Borrower, together with the duly executed signatures thereto;

(k) [reserved];

(l) [reserved];

(m) [reserved];

(n) evidence reasonably satisfactory to Bank that the insurance policies and endorsements required by Section 6.7 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and/or additional insured clauses or endorsements in favor of Bank;

(o) [reserved];

(p) [reserved]; and

(q) payment of the fees and Bank Expenses then due as specified in Section 2.7 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 the Credit Extension request and any materials and documents required by Section 3.4;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the proposed Credit Extension and on the Funding Date of each Credit Extension, taking into account updates thereof subsequent to the Effective Date to the extent permitted by notice to the Bank by one or more specific provisions of this Agreement; 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 or time period shall be true, accurate and complete in all material respects as of such date or with respect to such time period, 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, taking into account updates thereof subsequent to the Effective Date to the extent permitted by notice to the Bank by one or more specific provisions of this Agreement; 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 or time period shall be true, accurate and complete in all material respects as of such date or with respect to such time period; and

(c) Bank determines to its reasonable satisfaction that there has not been a 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 (other than Advances under Sections 2.3 or 2.4) set forth in this Agreement, to obtain an Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Bank (which notice shall be irrevocable) by electronic mail by 2:00 p.m. Pacific time on the Funding Date of the Advance. Such notice shall be made by Borrower through Bank's online banking program, provided, however, if Borrower is not utilizing Bank's online banking program, then such notice shall be in a written format reasonably acceptable to Bank that is executed by an Authorized Signer. Bank shall have received reasonably satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request Advances. In connection with any such notification, Borrower must promptly deliver to Bank by electronic mail or through Bank's online banking program such reports and information, including without limitation, sales journals, cash receipts journals, accounts receivable aging reports, as Bank may reasonably 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.

3.5 Post-Closing Requirements.

(a) Within ninety (90) days after the Effective Date, Borrower shall replace all existing letters of credit issued by financial institutions other than Bank with one or more Letters of Credit issued by Bank;

(b) Within thirty (30) days after the Effective Date, Borrower shall deliver to Bank duly executed Control Agreements for the Borrower's deposit and securities accounts listed on Exhibit C reasonably satisfactory to Bank in its sole discretion;

(c) Prior to Bank's initial Advance, the completion of the Initial Audit; and

(d) Prior to Bank's initial Advance, Borrower shall deliver to Bank a completed Borrowing Base Report (and any schedules related thereto and including any other information requested by Bank with respect to Borrower's Accounts).

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 are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated in accordance with the provisions set forth in Section 12.1, 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 reasonable judgment for Bank Services, if any. Bank shall use reasonable commercial efforts to inform Borrower within a commercially reasonable period of time what constitutes acceptable cash collateral with respect to each Bank Services Agreement in force and effect when Borrower delivers its written termination notice. 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 percent (100%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred five percent (105%), 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 are permitted pursuant to the terms of this Agreement to 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. Such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's discretion.

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 each Borrower entitled "Perfection Certificate" (the "**Perfection Certificate**"). Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification

number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth the mailing address at which Borrower owns, leases or occupies real property and the Borrower has provided written notice of Borrowers' principal place of business and/or chief executive office; (e) 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 (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete in all material respects (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date (whether through the delivery of a new Perfection Certificate, written notice to Bank of updates thereto, or delivery of a Compliance Statement) to the extent permitted by one or more specific provisions in this Agreement). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) 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, (iv) 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 (v) 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 would 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 terms of Section 6.8(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 (a) non-exclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, and (c) 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, to Borrower's knowledge, 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.

(a) For each Account with respect to which Advances are requested, on the date each Advance is requested and made, such Account shall be an Eligible Account.

(b) All statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Eligible 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 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 Accounts in any Borrowing Base Statement. To the best of Borrower's knowledge, all signatures and endorsements on all documents, instruments, and agreements relating to all Eligible Accounts are genuine, and all such documents, instruments and agreements are legally enforceable in accordance with their terms.

5.4 Litigation. Except as set forth in the Perfection Certificate (as updated from time to time in accordance with Section 5.1), there are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries involving more than, individually or in the aggregate, One Million Dollars (\$1,000,000).

5.5 Financial Statements; Financial Condition. All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank by submission to the Financial Statement Repository or otherwise submitted 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 the Financial Statement Repository or otherwise submitted to Bank.

5.6 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's 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 (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which would 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 Governmental Authorities that are necessary to continue their respective businesses as currently conducted or where failure to obtain such consents, approvals and authorizations would be reasonably likely to result in a Material Adverse Change.

5.8 Subsidiaries; Investments. Borrower does not own any stock, partnership, or other ownership 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 except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Two Hundred Fifty Thousand Dollars (\$250,000).

To the extent Borrower defers payment of any contested taxes, Borrower shall (i) notify Bank in writing of the commencement of, and any material development in, the proceedings, and (ii) post bonds or take 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 reasonably be expected to result in additional taxes becoming due and payable by Borrower in excess of Two Hundred Fifty Thousand Dollars (\$250,000). 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 submitted to the Financial Statement Repository or otherwise submitted to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written reports, written certificates and written statements submitted to the Financial Statement Repository or otherwise submitted 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 reports, certificates, or written 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 any Responsible Officer.

6 AFFIRMATIVE COVENANTS

Until such time as all Obligations are satisfied in full and Bank has no further obligation to make Credit Extensions to Borrower, 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, provided that Borrower, in its sole discretion, may choose to shut down or dissolve any Subsidiary, including without limitation Elance EEC Ireland Limited; provided that the assets and property of such Subsidiary (if not a Borrower or Guarantor) shall be transferred to a Borrower or Guarantor. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject, where the failure to so comply would reasonably be expected to have a material adverse effect on Borrower's business or operations.

(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. Provide Bank with the following by submitting to the Financial Statement Repository or otherwise submitting to Bank:

(a) a Borrowing Base Statement (and any schedules related thereto and including any other information reasonably requested by Bank with respect to Borrower's Accounts) within thirty (30) days after the end of each month;

(b) within thirty (30) days after the end of each month, (A) monthly accounts receivable agings for Borrower' Enterprise Accounts, aged by invoice date, (B) monthly accounts payable agings, aged by invoice date, and outstanding or held check registers, if any, and (C) monthly reconciliations of accounts receivable agings for Borrower' Enterprise Accounts (aged by invoice date), and general ledger;

(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 in a form reasonably acceptable to Bank (the "**Monthly Financial Statements**"), which Monthly Financial Statements shall include a detailed cash report that shows month-end balances for all of the Borrower's and its Subsidiaries' Collateral Accounts;

(d) within thirty (30) days after the last day of each month and together with the Monthly Financial Statements, a completed Compliance Statement, confirming 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) as soon as available, and in any event within thirty (30) days after the end of each fiscal quarter of Borrower, a recurring revenue cohort report in a form reasonably acceptable to Bank;

(f) within sixty (60) days after the end of each fiscal year of Borrower, and contemporaneously with any updates or amendments thereto, (A) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (B) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board, together with any related business forecasts used in the preparation of such annual financial projections;

(g) as soon as available, and in any event within one hundred eighty (180) days following the end of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Borrower) on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank, which includes any of the "Big Four" US accounting firms;

(h) in the event that Borrower becomes subject to the reporting requirements under the Exchange Act within ten (10) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower and/or any Guarantor 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; provided, however, Borrower shall promptly notify Bank in writing (which may be by electronic mail) of the posting of any such documents;

(i) within ten (10) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt;

(j) prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could reasonably be expected to result in a judgment against Borrower or any of its Subsidiaries of, individually or in the aggregate, Seven Hundred Fifty Thousand Dollars (\$750,000) or more; and

(k) promptly, from time to time, such other information regarding Borrower or compliance with the terms of any Loan Documents as reasonably requested by Bank.

Any submission by Borrower of a Compliance Statement, a Borrowing Base Statement or any other financial statement submitted to the Financial Statement Repository pursuant to this Section 6.2 or otherwise submitted to Bank shall be deemed to be a representation by Borrower that (i) as of the date of such Compliance Statement, Borrowing Base Statement or other financial statement, the information and calculations set forth therein are true, accurate and correct, (ii) as of the end of the compliance period set forth in such submission, Borrower is in complete compliance with all required covenants except as noted in such Compliance Statement, Borrowing Base Statement or other financial statement, as applicable, (iii) as of the date of such submission, no Events of Default have occurred or are continuing, (iv) all representations and warranties other than any representations or warranties that are made as of a specific date

in Section 5 remain true and correct in all material respects as of the date of such submission except as noted in such Compliance Statement, Borrowing Base Statement or other financial statement, as applicable, (v) as of the date of such submission, 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, and (vi) as of the date of such submission, 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.

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) Disputes. Borrower shall promptly notify Bank of all disputes or claims relating to Accounts. Borrower may forgive (completely or partially), compromise, or settle any Account for less than payment in full, or agree to do any of the foregoing so long as (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, in arm's-length transactions, and reports the same to Bank in the regular reports provided to Bank; (ii) no Event of Default has occurred and is continuing; and (iii) after taking into account all such discounts, settlements and forgiveness, the total outstanding Advances will not exceed the lesser of the Revolving Line or the Borrowing Base.

(c) Collection of Enterprise Accounts. Borrower shall use commercially reasonable efforts to (i) within one (1) year after the Effective Date, establish payment and billing system functionality necessary to utilize the Cash Collateral Account (as defined below) and (ii) promptly following the establishment thereof, direct Account Debtors to deliver or transmit all proceeds of Enterprise 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**"). Subject to the foregoing requirement, upon the occurrence and during the continuance of an Event of Default, Borrower shall, once Borrower has established payment and billing system functionality necessary to utilize the Cash Collateral Accounts, use commercially reasonable efforts to immediately deliver all payments on and proceeds of Enterprise Accounts to the Cash Collateral Account. Subject to Bank's right to maintain a reserve pursuant to Section 6.3(d), all amounts received in the Cash Collateral Account shall be transferred on a daily basis to Borrower's operating account with Bank (unless Bank, in its sole discretion, at times when an Event of Default exists, elects not to transfer such amounts). Following the establishment thereof, Borrower hereby authorizes Bank to transfer to the Cash Collateral Account any amounts that Bank reasonably determines are proceeds of the Enterprise Accounts (provided that Bank is under no obligation to do so and this allowance shall in no event relieve Borrower of its obligations hereunder).

(d) Reserves. Notwithstanding any terms in this Agreement to the contrary, at times when an Event of Default exists, Bank may hold any proceeds of the Accounts and any amounts in the Cash Collateral Account that are not applied to the Obligations pursuant to Section 6.3(c) above (including amounts otherwise required to be transferred to Borrower's operating account with Bank) as a reserve to be applied to any Obligations regardless of whether such Obligations are then due and payable.

(e) 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.

(f) Verifications; Confirmations; Credit Quality; Notifications. Bank may, from time to time, (i) verify and confirm 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 and/or (ii) conduct a credit check of any Account Debtor to approve any such Account Debtor's credit. In addition, Bank may notify Account Debtors to make payments in respect of Accounts directly to Bank.

(g) 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 (a) prior to an Event of Default, pursuant to the terms of Section 6.3(c) hereof, and (b) 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, obsolete or fully-depreciated Equipment disposed of by Borrower in good faith in an arm's length transaction for an aggregate purchase price of Three Hundred Thousand Dollars (\$300,000) 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 6.4 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 taxes with respect to which the amount does not exceed the amount set forth in 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 Access to Collateral; Books and Records. At reasonable times, on three (3) Business Days' notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. The foregoing inspections and audits shall be conducted no more often than once every twelve (12) months (or more frequently as Bank in its reasonable discretion determines that conditions warrant) unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The foregoing inspections and audits shall be conducted at Borrower's expense and the charge therefor shall be One Thousand Dollars (\$1,000) 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. In the event Borrower and Bank schedule an audit more than ten (10) days in advance, and Borrower cancels or seeks to or reschedules 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.

6.7 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 reasonably 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. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to One Hundred Thousand Dollars (\$100,000) in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Bank has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be 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 6.7 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank twenty (20) days prior written notice (ten (10) days for cancellation as a result of non-payment of premium) before any such policy or policies shall be materially altered or canceled. If Borrower fails to obtain insurance as required under this Section 6.7 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 6.7, and take any action under the policies Bank deems prudent.

6.8 Accounts.

(a) Maintain its and all of its Subsidiaries' Cash Collateral Accounts (subject to the terms and conditions set forth in Section 6.3(c)), and Domestic Investments with Bank and Bank's Affiliates in the United States, which accounts shall represent at least eighty-five percent (85%) of the dollar value of Borrower's and such Subsidiaries' Domestic Investments at all financial institutions. For purpose of clarity, if at any time Borrower does not maintain any Domestic Investments, such failure shall not violate the requirement set forth above.

(b) In addition to and without limiting the restrictions in (a), Borrower shall provide Bank ten (10) 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.

6.9 Financial Covenants.

(a) Adjusted Quick Ratio. Maintain at all times, to be certified to Bank as of the last day of each month, an Adjusted Quick Ratio of equal to or greater than 1.30 to 1.00. Additionally, the component of Quick Assets which makes up Borrower's unrestricted and unencumbered cash in Deposit Accounts maintained with Bank shall be equal to or greater than Ten Million Dollars (\$10,000,000).

(b) EBITDA. Achieve, measured as of the last day of each fiscal quarter during the following periods, EBITDA of at least (loss not worse than) the following amounts:

Period	Minimum EBITDA (maximum loss)
Trailing three (3) month period ending September 30, 2017	\$500,000
Trailing six (6) month period ending December 31, 2017	(\$3,000,000)
Trailing nine (9) month period ending March 31, 2018	(\$6,000,000)
Trailing twelve (12) month period ending June 30, 2018	(\$5,000,000)
Trailing twelve (12) month period ending September 30, 2018	(\$4,000,000)
Trailing twelve (12) month period ending December 31, 2018	(\$2,000,000)
Trailing twelve (12) month period ending March 31, 2019	\$1.00
June 30, 2019 and thereafter	Bank and Borrower shall use reasonable efforts to mutually agree in good faith upon reasonable minimum EBITDA numbers consistent with past practices based on Borrower's projections approved by the Board delivered pursuant to Section 6.2(f); provided failure to so agree on or before March 31 of such fiscal year shall be an immediate Event of Default

6.10 Protection of Intellectual Property Rights.

(a) (i) Use all commercially reasonable efforts necessary to protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Bank in writing of material infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property; and (iii) 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 commercially reasonable steps as Bank requests to attempt to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) 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 if such Restricted License would be material to Borrower's business, and (ii) 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.

6.11 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.

6.12 Online Banking.

(a) Utilize Bank's online banking platform for all matters reasonably requested by Bank which shall include, without limitation (and without request by Bank for the following matters), uploading information pertaining to Accounts and Account Debtors, requesting approval for exceptions, requesting Credit Extensions, and uploading financial statements and other reports required to be delivered by this Agreement (including, without limitation, those described in Section 6.2 of this Agreement).

(b) Comply with the terms of the "Banking Terms and Conditions" and ensure that all persons utilizing the online banking platform are duly authorized to do so by an Administrator. Bank shall be entitled to assume the authenticity, accuracy and completeness on any information, instruction or request for a Credit Extension submitted via the online banking platform and to further assume that any submissions or requests made via the online banking platform have been duly authorized by an Administrator.

6.13 Formation or Acquisition of Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that Borrower or any Guarantor forms any direct or indirect Subsidiary, acquires any direct or indirect Subsidiary after the Effective Date or if in Bank's reasonable credit judgment with respect to any Subsidiary existing on the Effective Date, Borrower and such Guarantor shall (a) cause such Subsidiary to provide to Bank a joinder to this Agreement to become a co-borrower, together with such appropriate financing statements and/or Control Agreements, all in form and substance reasonably satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary, in form and substance reasonably satisfactory to Bank; and (c) provide to Bank all other documentation in form and substance reasonably satisfactory to Bank, including one or more opinions of counsel reasonably satisfactory to Bank, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above; provided however that in no event shall Borrower or any Guarantor be required to comply with any of the foregoing in respect of a Subsidiary (including without limitation, Upwork Escrow Inc.) that is subject to regulation of any internet escrow, regulator, money transmission regulator, trust company regulator or similar Governmental Authority, including without limitation the State of California's Department of Business Oversight to the extent compliance would not be permitted by such regulation. Any document, agreement, or instrument executed or issued pursuant to this Section 6.13 shall be a Loan Document.

6.14 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 would 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 (each, a "**Permitted Transfer**") (a) of Inventory in the ordinary course of business; (b) of worn-out, fully-depreciated or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in the ordinary course of its business for the payment of ordinary course business expenses in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; and (f) 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, Control, or Business Locations. (a) 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; (b) liquidate or dissolve; (c) fail to provide notice to Bank of any Key Person departing from or ceasing to be employed by Borrower within five (5) days after such Key Person's departure from Borrower; or (d) permit or suffer any Change in Control.

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 Two Hundred Fifty Thousand Dollars (\$250,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Two Hundred Fifty Thousand Dollars (\$250,000) 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 Two Hundred Fifty Thousand Dollars (\$250,000) 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 reasonably satisfactory to Bank. Any notices provided to Bank pursuant to this Section 7.2 shall be deemed to update the information provided by Borrower in the Perfection Certificate.

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 (including, without limitation, by the formation of any Subsidiary), other than Permitted Acquisitions. Borrower or a Subsidiary may (i) merge or consolidate into another Subsidiary or into Borrower; provided that the Borrower or Guarantor is the surviving entity if such merger of consolidation includes a Borrower or Guarantor or (ii) acquire all or substantially all of the capital stock or property of another Subsidiary or into Borrower; provided that the Borrower or Guarantor is the surviving entity if stock acquisition includes a Borrower or Guarantor.

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 Intellectual Property of Borrower or any Subsidiary, 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 6.8(b) hereof.

7.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock, provided that Borrower may (i) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) pay dividends solely in common stock, (iii) repurchase the stock of directors, employees or consultants pursuant to employee stock purchase plans, restricted stock agreements, rights or first refusal or other similar agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed One Hundred Thousand Dollars (\$100,000) per fiscal year, or (iv) repurchase the stock of existing investors of Borrower other than pursuant to

employee stock purchase plans, restricted stock agreements, rights of first refusal or other similar agreements in an aggregate amount not to exceed Ten Million Dollars (\$10,000,000) in the aggregate during the term of this Agreement so long as (x) an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, (y) immediately prior to such repurchase, Borrower is EBITDA positive on a trailing twelve (12) month basis, and (z) immediately after giving effect to any such repurchase, Borrower has cash of at least Twenty Five Million Dollars (\$25,000,000); or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) 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 (i) sales of equity securities in bona fide venture financing transactions so long as such transaction doesn't result in a Change of Control, (ii) the incurrence of Subordinated Debt, (iii) Investments permitted under sub-clauses (f) and (g) of the definition of Permitted Investments, (iv) commercially reasonable and customary compensation arrangements approved by the Board of Directors of Borrower, (v) transactions which are contemplated, described in, or permitted by Sections 7.4 or 7.7 and (vi) other transactions that are in the ordinary course of Borrower's business or as otherwise permitted by this Agreement, 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. (a) 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 (b) 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 would 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 (a) make any payment of principal or interest on any Credit Extension when due, or (b) 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 or the Term Loan Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default. Borrower (a) fails or neglects to perform any obligation in Section 6 of this Agreement or violates any covenant in Section 7 of this Agreement or (b) 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 clause (a)) 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, grace and cure periods provided under this Section 8.2 shall not apply, among other things, to financial covenants or any other covenants that are required to be satisfied, completed or tested by a date certain or any covenants set forth in clause (a);

8.3 Investor Abandonment. There is a lack of Investor Support;

8.4 Attachment; Levy; Restraint on Business.

(a) (i) 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 (ii) 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 fifteen (15) 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 fifteen (15) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

8.5 Insolvency. (a) Borrower or any of its Subsidiaries is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and is 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 or any Guarantor is a party with a third party or parties, (a) 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 Seven Hundred Fifty Thousand Dollars (\$750,000); or (b) any breach or default by Borrower or Guarantor, the result of which would reasonably be expected to have a material adverse effect on Borrower's or any Guarantor'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 Five Hundred Thousand Dollars (\$500,000) (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 fifteen (15) 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 any applicable subordination or intercreditor agreement;

8.10 Guaranty. (a) Any guaranty of any Obligations terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any guaranty of the Obligations; (c) any circumstance described in Sections 8.3, 8.4, 8.5, 8.6, 8.7, or 8.8 of this Agreement occurs with respect to any Guarantor, (d) the death, liquidation, winding up, or termination of existence of any Guarantor; or (e) a material impairment in the perfection or priority of Bank's Lien in the collateral provided by Guarantor or in the value of such collateral; or

8.11 Governmental Approvals. Any Governmental Approval shall have been (a) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (b) 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 reasonably be expected to 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 (i) causes, or could reasonably be expected to cause, a Material Adverse Change, or (ii) 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 BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, 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) demand that Borrower (i) deposit cash with Bank in an amount equal to at least (A) one hundred percent (100%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in Dollars remaining undrawn, and (B) one hundred five percent (105%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in a Foreign Currency remaining undrawn (plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its reasonable 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 Contracts or require cash collateralization satisfactory to Bank with respect thereof;

(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. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(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 (i) balances and deposits of Borrower it holds, or (ii) 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 9.1, 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);

(l) require the Borrower to (and Borrower shall) cause Upwork Escrow Inc. to transfer cash and cash equivalents (each as defined under GAAP) held in accounts of Upwork Escrow Inc. to accounts of the Borrower held at Bank in an amount not to exceed 90% of Upwork Escrow Inc.’s aggregate cash and cash equivalent balances within 5 days of such request; provided, however, that Borrower shall not be required to make any transfers which would result in a violation of applicable laws, including, without limitation, laws pertaining to internet escrow agents.

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact to: (a) exercisable following the occurrence of an Event of Default, (i) sign Borrower’s name on any invoice or bill of lading for any Account or drafts against Account Debtors; (ii) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Bank’s or Borrower’s name, as Bank chooses); (iii) make, settle, and adjust all claims under Borrower’s insurance policies; (iv) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (v) transfer the Collateral into the name of Bank or a third party as the Code permits; and (vi) receive, open and dispose of mail addressed to Borrower; and (b) regardless of whether an Event of Default has occurred, (i) endorse Borrower’s name on any checks, payment instruments, or other forms of payment or security; and (ii) notify all Account Debtors to pay Bank directly. 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 the Loan Documents have been terminated. 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 the Loan Documents have been terminated.

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.7 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. 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: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) 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.

9.8 Borrower Liability. Any Borrower may, acting singly, request Credit Extensions hereunder. Each Borrower hereby appoints each other as agent for the other for all purposes hereunder, including with respect to requesting Credit Extensions hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all Credit Extensions made hereunder, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions. Each Borrower waives (a) any suretyship defenses available to it under the Code or any other applicable law, including, without limitation, the benefit of California Civil Code Section 2815 permitting revocation as to future transactions and the benefit of California Civil Code Sections 1432, 2809, 2810, 2819, 2839, 2845, 2847, 2848, 2849, 2850, and 2899 and 3433, and (b) any right to require Bank to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Bank may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Bank under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section 9.8 shall be null and void. If any payment is made to a Borrower in contravention of this Section 9.8, such Borrower shall hold such payment in trust for Bank and such payment shall be promptly delivered to Bank for application to the Obligations, whether matured or unmatured.

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: (a) 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; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) 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: c/o Upwork Inc.
441 Logue Avenue
Mountain View, CA 94043
Attn: GENERAL COUNSEL'S OFFICE
Email: legalnotices@upwork.com

with a copy (which shall not constitute notice) to: FENWICK & WEST LLP
Attn: Samuel Angus, Esq.
555 California St., 12th Floor
San Francisco, CA 94104
Telephone: (415)875-2300
Email: sangus@fenwick.com

If to Bank: Silicon Valley Bank
555 Mission Street
San Francisco, CA 94105
Attn: Sean Thompson
Fax:
Email: sthompson@svb.com

with a copy (which shall not constitute notice) to: Riemer & Braunstein LLP
3 Center Plaza
Boston, MA 02108
Attn: Charles W. Stavros, Esq.
Fax: (617) 880-3456
Email: cstavros@riemerlaw.com

11 CHOICE OF LAW, VENUE, AND JURY TRIAL WAIVER

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 Sections 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 Section 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 Maturity Date; Survival. This Agreement and Bank's Lien on the Collateral shall terminate when all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full in cash and Bank has

no commitment to make any Credit Extensions under this Agreement. All covenants, representations and warranties made in this Agreement shall 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 and the Term Loan 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.

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: (i) all obligations, demands, claims, and liabilities (collectively, "**Claims**") claimed or asserted by any third party in connection with the transactions contemplated by the Loan Documents; and (ii) 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 (including reasonable attorneys' fees and expenses), except in each case for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

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.

12.4 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, including financial information and other non-public information, Bank shall (i) hold such information in strict confidence and exercise the same degree of care that it exercises for its own proprietary information, and in no event less than reasonable care, (ii) not use any such information for any purpose other than in connection with this Agreement, (iii) not disclose any such information to any third parties; provided, however, that disclosure of such information may be made: (a) to Bank's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, that any prospective transferee or purchaser shall have entered into an agreement containing provisions substantially the same as those in this Section 12.9); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) 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: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) 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 anonymous forms of confidential information for aggregate datasets, for analyses or reporting, and for any other uses not expressly prohibited in writing 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 Right of Setoff. Borrower hereby grants to Bank a Lien and a right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a subsidiary of Bank) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may setoff the same or any part thereof and apply the same to any liability or Obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.13 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.14 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.

12.15 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.

12.16 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) 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; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) 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, as to any Person, any “**account**” of such Person as “account” is 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 such Person.

“**Account Debtor**” is any “**account debtor**” as defined in the Code with such additions to such term as may hereafter be made.

“**Acquisition**” means the purchase or other acquisition (whether by merger, consolidation or otherwise) by Borrower of all or substantially all of the assets, stock or other equity interests of a Person.

“**Adjusted Net Revenue**” means the sum of Borrower’s (a) revenue as regularly computed and reported to the Board, minus (b) cost-of-sales associated with Borrower’s Enterprise Managed Services, each determined according to GAAP.

“**Adjusted Quick Ratio**” means, for any date of determination, the ratio of (a) Quick Assets, to (b) the sum of (i) the principal amount of Term Loans outstanding and Advances plus (ii) Borrower’s accounts payable determined according to GAAP.

“**Administrator**” is an individual that is named (a) as an “Administrator” in the “SVB Online Services” form completed by Borrower with the authority to determine who will be authorized to use SVB Online Services (as defined in the “Banking Terms and Conditions”) on behalf of Borrower; and (b) as an Authorized Signer of Borrower in an approval by the Board.

“**Advance**” or “**Advances**” means a revolving credit loan (or revolving credit loans) under the Revolving Line.

“**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. For purposes of the definition of Eligible Accounts, Affiliate shall include a Specified Affiliate.

“**Agreement**” is defined in the preamble hereof.

“**Authorized Signer**” is any individual listed in Borrower’s Borrowing Resolution who is authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension 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 aggregate Dollar Equivalent amount of all outstanding Letters of Credit issued by Bank (including drawn but unreimbursed Letters of Credit) plus an amount equal to the Letter of Credit Reserve, minus (c) any amounts used for Cash Management Services, and minus (d) the outstanding principal balance of any Advances. For purposes of clarification, the aggregate amount of Letters of Credit referred to in clause (b) and amounts used for Cash Management Services in clause (c) shall not reduce the Availability Amount to the extent secured by cash collateral pursuant to Section 4.1.

“**Bank**” is defined in the preamble hereof.

“**Bank Entities**” is defined in Section 12.9.

“**Bank Expenses**” are all reasonable out-of-pocket 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 or any Guarantor.

“**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**”) and shall include, without limitation, any Letters of Credit pursuant to Section 2.4 and Cash Management Services pursuant to Section 2.3.

“**Bank Services Agreement**” is defined in the definition of Bank Services.

“**Board**” is Borrower’s board of directors.

“**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 (a) the Non-Formula Amount, plus (b) eighty-five percent (85%) of Eligible Accounts, as determined by Bank from Borrower’s most recent Borrowing Base Statement (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Statement); provided, however, that Bank has the right to decrease the foregoing percentage in its reasonable business judgment to mitigate the impact of events or conditions which have adversely affected the value of the Collateral after providing written notice to Borrower at least five (5) Business Days in advance of such decrease.

“**Borrowing Base Statement**” is that certain report of the value of certain Collateral in the form specified by Bank to Borrower from time to time.

“**Borrowing Resolutions**” are, with respect to any Person, those resolutions adopted by such Person’s board of directors (and, if required under the terms of such Person’s Operating Documents, stockholders) and delivered by such Person to Bank approving the Loan Documents to which such Person is a party and the transactions contemplated thereby, together with a certificate executed by its secretary on behalf of such Person certifying (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Loan Documents to which it is a party, (b) that set forth as a part of or attached as an exhibit to such certificate is a true, correct, and complete copy of the resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Loan Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Bank may conclusively rely on such certificate unless and until such Person shall have delivered to Bank a further certificate canceling or amending such prior certificate.

“**Business Day**” is any day that is not a Saturday, Sunday or a day on which Bank is closed, except that if any determination of a “Business Day” shall relate to an FX Contract, the term “Business Day” shall mean an FX Business Day.

“**Cash Collateral Account**” is defined in Section 6.3(c).

“**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 a rating of at least “investment grade” or “A” by Moody’s or any successor rating agency; (c) Bank’s certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

“**Cash Management Services**” is defined in Section 2.3.

“**Change in Control**” means (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall become the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of 50.0% or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower’s equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; or (b) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Liens created by this Agreement or as otherwise permitted in this Agreement or if such Liens are required to be created in order to comply with applicable law).

“**Claims**” is defined in Section 12.3.

“**Code**” is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; 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 New York, 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.

“**Commodity Account**” is any “commodity account” as defined in the Code with such additions to such term as may hereafter be made.

“**Compliance Statement**” 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, Letter of Credit, FX Contract, amount utilized for Cash Management Services, Term Loan, or any other extension of credit by Bank for Borrower’s benefit.

“**Currency**” is coined money and such other banknotes or other paper money as are authorized by law and circulate as a medium of exchange.

“**Default Rate**” is defined in Section 2.7(b).

“**Deferred Revenue**” is all amounts received or invoiced in advance of performance under contracts and not yet recognized as revenue in accordance with GAAP.

“**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**” any deposit account of Borrower maintained with Bank as chosen by Bank.

“**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.

“**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.

“**Domestic Investments**” shall mean all investments determined according to GAAP, and shall exclude all cash and Cash Equivalents (including, without limitation, money market accounts and certificates of deposit that are classified as cash or Cash Equivalents on Borrower’s balance sheet).

“**Domestic Subsidiary**” means a Subsidiary organized under the laws of the United States or any state or territory thereof or the District of Columbia.

“**EBITDA**” shall mean, with respect to Borrower and its Subsidiaries on a consolidated basis for any period, (a) Net Income, plus, (b) to the extent deducted in the calculation of Net Income, (i) Interest Expense, (ii) income tax expense, (iii) depreciation expense and amortization expense, (iv) non-cash stock compensation expense, (v) other non-operating non-cash income and expenses, excluding foreign currency gains/losses, (vi) write-off or impairment of intangible assets, (vii) any costs and expenses in connection with the repayment of Indebtedness owing to Pacific Western Bank on the Effective Date, (viii) any costs and expenses in connection with the negotiation and preparation of this Agreement and the other Loan Documents, (ix) in respect of foreign currency gains/losses, (A) up to \$500,000 in the trailing three (3) month period ending September 30, 2017, (B) up to \$750,000 in the trailing six (6) month period ending December 31, 2017 and the trailing nine (9) month period ending March 31, 2018, and (C) up to \$1,000,000 thereafter, and (x) other non-cash expenses approved by Bank in writing on a case-by-case basis.

“Effective Date” is defined in the preamble hereof.

“Eligible Accounts” means Accounts owing to Borrower in connection with Borrower’s Enterprise Accounts which arise in the ordinary course of Borrower’s business that meet in all material respects all Borrower’s representations and warranties in Section 5.3, that have been, at the option of Bank, confirmed in accordance with Section 6.3(f) of this Agreement, and are due and owing from Account Debtors deemed creditworthy by Bank in its reasonable discretion. Bank reserves the right, at any time after the Effective Date, in its reasonable discretion in each instance, to either (i) adjust any of the criteria set forth below and to establish new criteria or (ii) deem any Accounts owing from a particular Account Debtor or Account Debtors to not meet the criteria to be Eligible Accounts. Unless Bank otherwise agrees in writing, Eligible Accounts shall not include:

- (a) Accounts (i) for which the Account Debtor is Borrower’s Affiliate, officer, employee, investor, or agent, or (ii) that are intercompany Accounts;
- (b) Accounts that the Account Debtor has not paid within ninety (90) days of invoice date regardless of invoice payment period terms;
- (c) Accounts with credit balances over ninety (90) days from invoice date;
- (d) Accounts owing from an Account Debtor if fifty percent (50%) or more of the Accounts owing from such Account Debtor have not been paid within ninety (90) days of invoice date;
- (e) Accounts owing from an Account Debtor (i) which is a Foreign Subsidiary that is not located in the United States or (ii) whose billing address (as set forth in the applicable invoice for such Account) is not in the United States, in the case of clause (i) and (ii), other than Eligible Foreign Accounts;
- (f) Accounts billed from and/or payable to Borrower outside of the United States (sometimes called foreign invoiced accounts);
- (g) Accounts in which Bank does not have a first priority, perfected security interest under all applicable laws;
- (h) Accounts billed and/or payable in a Currency other than Dollars in an aggregate amount for all such Accounts not to exceed more than five percent (5.00%) of the Borrowing Base;
- (i) Accounts owing from an Account Debtor to the extent that Borrower is indebted or obligated in any manner to the Account Debtor (as creditor, lessor, supplier or otherwise - sometimes called “contra” accounts, accounts payable, customer deposits or credit accounts);
- (j) Accounts with or in respect of accruals for marketing allowances, incentive rebates, price protection, cooperative advertising and other similar marketing credits, unless otherwise approved by Bank in writing;
- (k) Accounts owing from an Account Debtor which is a United States government entity or any department, agency, or instrumentality thereof unless Borrower has assigned its payment rights to Bank and the assignment has been acknowledged under the Federal Assignment of Claims Act of 1940, as amended;
- (l) Accounts with customer deposits and/or with respect to which Borrower has received an upfront payment, to the extent of such customer deposit and/or upfront payment;

(m) Accounts for demonstration or promotional equipment, or in which goods are consigned, or sold on a “sale guaranteed”, “sale or return”, “sale on approval”, or other terms if Account Debtor’s payment may be conditional;

(n) Accounts owing from an Account Debtor where goods or services have not yet been rendered to the Account Debtor (sometimes called memo billings or pre-billings);

(o) Accounts subject to contractual arrangements between Borrower and an Account Debtor where payments shall be scheduled or due according to completion or fulfillment requirements (sometimes called contracts accounts receivable, progress billings, milestone billings, or fulfillment contracts);

(p) Accounts owing from an Account Debtor the amount of which may be subject to withholding based on the Account Debtor’s satisfaction of Borrower’s complete performance (but only to the extent of the amount withheld; sometimes called retainage billings);

(q) Accounts subject to trust provisions, subrogation rights of a bonding company, or a statutory trust;

(r) Accounts owing from an Account Debtor that has been invoiced for goods that have not been shipped to the Account Debtor unless Bank, Borrower, and the Account Debtor have entered into an agreement acceptable to Bank wherein the Account Debtor acknowledges that (i) it has title to and has ownership of the goods wherever located, (ii) a bona fide sale of the goods has occurred, and (iii) it owes payment for such goods in accordance with invoices from Borrower (sometimes called “bill and hold” accounts);

(s) Accounts for which the Account Debtor has not been invoiced;

(t) Accounts that represent non-trade receivables or that are derived by means other than in the ordinary course of Borrower’s business;

(u) Accounts for which Borrower has permitted Account Debtor’s payment to extend beyond ninety (90) days (including Accounts with a due date that is more than ninety (90) days from invoice date);

(v) Accounts arising from chargebacks, debit memos or other payment deductions taken by an Account Debtor;

(w) Accounts arising from product returns and/or exchanges (sometimes called “warranty” or “Return Material Authorization (RMA)” accounts);

(x) Accounts in which the Account Debtor disputes liability or makes any claim (but only up to the disputed or claimed amount), or if the Account Debtor is subject to an Insolvency Proceeding (whether voluntary or involuntary), or becomes insolvent, or goes out of business;

(y) [reserved];

(z) That portion of Accounts owing from any single Account Debtor that exceeds thirty percent (30%) of all of Borrower’s Accounts, except for Johnson & Johnson and Alphabet Inc., for which such percentage is forty percent (40%), unless Bank approves a greater percentage in writing; and

(aa) Accounts for which Bank in its reasonable business judgment determines collection to be unlikely, including, without limitation, accounts represented by “refreshed” or “recycled” invoices.

“Eligible Foreign Accounts” are Accounts billed and collected by Borrower in the United States which are owing from an Account Debtor which has its principal place of business outside of the United States, but in each case otherwise constitute Eligible Accounts; provided, however, the aggregate amount of all Eligible Foreign Accounts included as Eligible Accounts in the calculation of the Borrowing Base shall not exceed the lesser of (a) Five Million Dollars (\$5,000,000) or (b) thirty percent (30%); for purposes of clarity and notwithstanding the provisions set forth above, the Accounts of each of Johnson & Johnson, Mozilla and Unilever shall each constitute an Eligible Foreign Account subject to the cap set forth above.

“Enterprise Accounts” means those Accounts owing to Borrower from its clients that have purchased a product that provides for net terms billing with Borrower.

“Enterprise Managed Services” means those services provided by Borrower to its clients with Enterprise Accounts, whereby Borrower is responsible for delivering the final work product to the client and uses subcontractors to create or deliver such work product.

“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.

“Financial Statement Repository” is each of (a) Bank’s e-mail address specified in Section 10 or such other means of collecting information approved and designated by Bank after providing notice thereof to Borrower from time to time and (b) Bank’s online banking platform described in Section 6.12.

“Foreign Currency” means lawful money of a country other than the United States.

“Foreign Subsidiary” means any Subsidiary which is not a Domestic Subsidiary.

“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 Business Day” is any day when (a) Bank’s Foreign Exchange Department is conducting its normal business and (b) the Foreign Currency being purchased or sold by Borrower is available to Bank from the entity from which Bank shall buy or sell such Foreign Currency.

“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.

“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.

“Guarantor” is any Person providing a Guaranty in favor of Bank.

“Guaranty” is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

“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.

“Initial Audit” is Bank’s inspection of Borrower’s Accounts, the Collateral, and Borrower’s Books, with results satisfactory to Bank in its sole and absolute discretion.

“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, all of such Person’s right, title, and interest in and to the following:

- (a) its Copyrights, Trademarks and Patents;
- (b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;
- (c) any and all source code;
- (d) any and all design rights which may be available to such Person;
- (e) 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
- (f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

“Interest Expense” means for any fiscal period, interest expense (whether cash or non-cash) determined in accordance with GAAP for the relevant period ending on such date, including, in any event, interest expense with respect to any Credit Extension and other Indebtedness of Borrower and its Subsidiaries, including, without limitation or duplication, all commissions, discounts, or related amortization and other fees and charges with respect to letters of credit and bankers’ acceptance financing and the net costs associated with interest rate swap, cap, and similar arrangements, and the interest portion of any deferred payment obligation (including leases of all types).

“Interest Only Period” is the period of time commencing on the Effective Date through the earlier to occur of (a) March 31, 2019 or (b) the occurrence of an Event of Default.

“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.

“Investor Support” means the Lead Investors have provided clear written indication (or have failed to otherwise confirm in writing (including via email) within fifteen (15) Business Days of Bank’s formal written request to the Lead Investors and Borrower) that it is their intention to not continue to fund Borrower in the amounts and timeframe necessary (when taken together with Borrower’s other financial resources) to enable Borrower to satisfy the Obligations as they become due and payable.

“Key Person” is each of Borrower’s (a) Chief Executive Officer, who is Stephane Kasriel as of the Effective Date, and (b) Chief Financial Officer, who is Brian Levey as of the Effective Date. Mr. Levey also serves as Upwork Inc.’s General Counsel and Corporate Secretary as of the Effective Date.

“Lead Investors” means each of (a) Benchmark Capital Partners V, L.P., (b) Sigma Partners 6, L.P. and its Affiliates, (c) the Stripes Group, and (d) Thomas Layton.

“Letter of Credit” means a standby letter of credit issued by Bank or another institution based upon an application, guarantee, indemnity or similar agreement on the part of Bank as set forth in Section 2.4.

“Letter of Credit Application” is defined in Section 2.4(b).

“Letter of Credit Reserve” is defined in Section 2.4(e).

“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, 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, all as amended, restated, or otherwise modified.

“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 financial condition of Borrower; and (c) a material impairment of the prospect of repayment of any portion of the Obligations.

“Monthly Financial Statements” is defined in Section 6.2(c).

“Net Income” means, as calculated on a consolidated basis for Borrower and its Subsidiaries for any period as at any date of determination, the net profit (or loss), after provision for taxes, of Borrower and its Subsidiaries for such period taken as a single accounting period in accordance with GAAP.

“Non-Formula Amount” is (a) from the Effective Date through and including December 30, 2018, Five Million Dollars (\$5,000,000), and (b) thereafter, Three Million Dollars (\$3,000,000).

“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 Bank Services and 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 Effective 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 2.6.

“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.

“Payment Date” is (a) with respect to the Term Loan, the first (1st) calendar day of each month and (b) with respect to Advances, the last calendar day of each month.

“Perfection Certificate” is defined in Section 5.1.

“Permitted Acquisition” or **“Permitted Acquisitions”** is any Acquisition by Borrower, provided that each of the following shall be applicable to each such Acquisition:

(a) no Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition;

(b) the entity or assets acquired in such Acquisition are in the same or similar line of business as Borrower is in as of the date of such Acquisition or reasonably related thereto;

(c) [reserved];

(d) Borrower shall provide Bank with written notice of the proposed Acquisition at least five (5) Business Days prior to the anticipated closing date of the proposed Acquisition, including copies of the acquisition agreement and all other material documents relative to the proposed Acquisition (or if such acquisition agreement and other material documents are not in final form, drafts of such acquisition agreement and other material documents; provided, that Borrower shall deliver final forms of such acquisition agreement and other material documents promptly upon completion);

(e) the total cash consideration for all such Acquisitions does not exceed (i) Three Million Dollars (\$3,000,000) in the aggregate in any fiscal year, (ii) Five Million Dollars (\$5,000,000) in any instance if (A) prior to the consummation of such Acquisition, Borrower has positive EBITDA on a trailing twelve (12) month basis and (B) after giving effect to any such Acquisition, Borrower has cash of at least Twenty Five Million Dollars (\$25,000,000), or (iii) such greater amounts as approved by Bank on a case-by-case basis, and in each case, shall be approved by the Board;

(f) after giving effect to the consummation of such Acquisition, on a *pro forma* twelve (12) month basis, Borrower shall be in compliance with the financial covenant set forth in Section 6.9;

(g) the entity or assets acquired in such Acquisition shall not be subject to any Lien other than (x) the first-priority Liens granted in favor of Bank, if applicable and (y) Permitted Liens; and

(h) the Acquisition shall not constitute an Unfriendly Acquisition.

“Permitted Indebtedness” is:

(a) Borrower’s Indebtedness to Bank under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate;

- (c) Subordinated Debt;
- (d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;
- (e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;
- (f) Indebtedness secured by Liens permitted under clauses (a), (c) and (j) of the definition of "Permitted Liens" hereunder;
- (g) Indebtedness of any Subsidiaries to Borrower in an aggregate principal amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000);
- (h) undrawn letters of credit issued by Bank;
- (i) unsecured Indebtedness of Borrower arising from corporate credit cards and merchant services agreements incurred in the ordinary course of business in an aggregate amount not to exceed One Million Dollars (\$1,000,000);
- (j) Indebtedness not to exceed One Million Dollars (\$1,000,000) in aggregate amount outstanding at any time under letters of credit that serve to secure real property leases for a period of sixty (60) days following the Effective Date;
- (k) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (j) 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) (i) existing on the Effective Date which are shown on the Perfection Certificate or (ii) contemplated by and described in the Perfection Certificate delivered on the Effective Date;
- (b) Investments consisting of Cash Equivalents;
- (c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;
- (d) Investments consisting of deposit accounts (but only to the extent that Borrower is permitted to maintain such accounts pursuant to Section 6.8 of this Agreement) in which Bank has a first priority perfected security interest;
- (e) Investments accepted in connection with Transfers permitted by Section 7.1;
- (f) Investments consisting of the creation of a Subsidiary for the purpose of consummating a merger transaction permitted by Section 7.3 of this Agreement, which is otherwise a Permitted Investment;
- (g) Investments (i) by Borrower in any other Borrower or any Guarantor, (ii) by the Borrower in Subsidiaries (that are not a Borrower or Guarantor) not to exceed One Million Dollars (\$1,000,000) in the aggregate in any fiscal year and (iii) by a Subsidiary (that is not a Borrower or Guarantor) in another Subsidiary or in Borrower;

(h) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business (other than as contemplated by and described in the Perfection Certificate delivered on the Effective Date), and (ii) loans to employees, officers or directors in the ordinary course of business, and in the case of both (i) and (ii) above, in an aggregate amount not to exceed Five Hundred Thousand Dollars (\$500,000) at any time;

(i) 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;

(j) 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 (j) shall not apply to Investments of Borrower in any Subsidiary;

(k) Investments that constitute a Permitted Acquisition;

(l) joint ventures, strategic alliances, licensing and similar agreements, provided that any cash investments by Borrower do not exceed do not exceed Two Million Dollars (\$2,000,000) in the aggregate in any fiscal year; and

(m) other Investments not otherwise permitted by Section 7.7 not exceeding Seven Hundred Fifty Thousand Dollars (\$750,000) in the aggregate outstanding at any time.

“Permitted Liens” are:

(a) Liens existing on the Effective Date which are shown on the Perfection Certificate or arising under this Agreement or the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on Borrower’s 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;

(c) purchase money Liens and capital leases (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than Seven Hundred Fifty Thousand Dollars (\$750,000) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens of carriers, mechanics, 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 Seven Hundred Fifty Thousand Dollars (\$750,000) 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;

(e) 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);

(f) 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;

(g) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business;

(h) deposits to secure the performance of bids, trade contracts (other than for borrowed money), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business (other than for indebtedness or any Liens arising under ERISA) in an aggregate amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000) at any time;

(i) Liens on cash deposit or letters of credit to secure Borrower's obligations to landlords in connection with real estate leases in an aggregate amount not exceed One Million Dollars (\$1,000,000) at any time;

(j) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7;

(k) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions, provided that (i) Bank has a first priority perfected security interest in the amounts held in such deposit and/or securities accounts (ii) such accounts are permitted to be maintained pursuant to Section 6.8 of this Agreement; and

(l) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in (a) through (k), 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;

"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 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, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement; and provided further 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); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Quick Assets" is, on any date of determination, the sum of (a) the aggregate amount of unrestricted and unencumbered cash held at such time by Borrower in Deposit Accounts maintained with Bank, plus (b) the aggregate amount of unrestricted and unencumbered cash held at such time by Borrower in Deposit Accounts maintained at financial institutions other than Bank subject to Control Agreements in favor of Bank, plus (c) the aggregate amount of cash and Cash Equivalents held at such time by Upwork Escrow Inc., plus (d) Borrower's accounts receivable determined according to GAAP, minus (e) Borrower's accrued hourly billing liabilities determined according to GAAP.

"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 reasonable 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 reasonably 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 license or other agreement which is material to the conduct of Borrower's business 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 reasonably be expected to interfere with Bank's right to sell any Collateral.

"Revenue Trigger Event" means the delivery to Bank of evidence reasonably satisfactory to Bank demonstrating that Borrower has achieved Adjusted Net Revenue of at least Forty Nine Million Dollars (\$49,000,000) for any trailing three (3) month period on or before June 30, 2018.

"Revolving Line" is an aggregate principal amount equal to Fifteen Million Dollars (\$15,000,000); provided, however, upon the occurrence of the Revenue Trigger Event, **"Revolving Line"** shall mean an aggregate principal amount equal to Twenty Five Million Dollars (\$25,000,000).

"Revolving Line Maturity Date" is March 19, 2020.

"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.

"Specified Affiliate" is any Person (a) more than ten percent (10.0%) of whose aggregate issued and outstanding equity or ownership securities or interests, voting, non-voting or both, are owned or held directly or indirectly, beneficially or of record, by Borrower, and/or (ii) whose equity or ownership securities or interests representing more than ten percent (10.0%) of such Person's total outstanding combined voting power are owned or held directly or indirectly, beneficially or of record, by Borrower.

"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 or Guarantor.

"Term Loan" is defined in Section 2.5(a) of this Agreement.

"Term Loan Maturity Date" is the earlier to occur of (a) the occurrence and continuance of an Event of Default or (b) three (3) years after the expiration of the Interest Only Period.

“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.

“Transfer” is defined in Section 7.1.

“Unfriendly Acquisition” is any Acquisition that has not, at the time of the first public announcement of an offer relating thereto, been approved by the board of directors (or other legally governing body) of the Person to be acquired.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

UPWORK INC.

By /s/ Brian Levey

Name: Brian Levey

Title: Chief Financial Officer, General Counsel and Secretary

ELANCE, INC.

By /s/ Junko Swain

Name: Junko Swain

Title: Treasurer

UPWORK GLOBAL INC.

By /s/ Brian Levey

Name: Brian Levey

Title: Chief Financial Officer, General Counsel and Secretary

UPWORK TALENT GROUP INC.

By /s/ Junko Swain

Name: Junko Swain

Title: Treasurer

BANK:

SILICON VALLEY BANK

By /s/ Sean Thompson

Name: Sean Thompson

Title: Vice President

Signature Page to Loan and Security Agreement

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, certificates of deposit, 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 (a) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter, provided that the Collateral shall include one hundred percent (100%) of the issued and outstanding non-voting capital stock of such Subsidiary; (b) all shares of capital stock of Upwork Escrow Inc. for which Elance, Inc. is the beneficial owner which are pledged to the California Department of Business Oversight; (c) consents, authorizations, approvals, orders, licenses, franchises, permits, certificates, accreditations, registrations, filings or notice (collectively, "Governmental Approvals") issued by or from any governmental or regulatory authority if granting a security interest or Lien thereon is prohibited or would expose Borrower to the risk of termination, revocation or any similar result with respect to such Governmental Approval; provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank (d) any interest of Borrower as a lessee or sublessee under a real property lease; (e) rights held under a license or other contract that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is enforceable under applicable law); provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank.; (f) any interest of Borrower as a lessee under an equipment lease if Borrower is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or lien would cause a default to occur under such lease; provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank; or (f) 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 STATEMENT

TO: SILICON VALLEY BANK
FROM: UPWORK INC., ELANCE, INC., UPWORK GLOBAL INC.,
and UPWORK TALENT GROUP INC.

Date: _____

Under the terms and conditions of the Loan and Security Agreement between Upwork Inc., Elance, Inc., Upwork Global Inc., and Upwork Talent Group Inc. (each and together, jointly and severally, "**Borrower**") and Bank (the "**Agreement**"), Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below. Attached are the required documents evidencing such compliance, setting forth calculations prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. 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.

<u>Reporting Covenants</u>	<u>Required</u>	<u>Complies</u>
Monthly financial statements with Compliance Statement	Monthly within 30 days	Yes No
Annual financial statements (CPA Audited)	FYE within 180 days	Yes No
10-Q, 10-K and 8-K	Within 10 days after filing with SEC	Yes No
A/R & A/P Agings	Monthly within 30 days	Yes No
Borrowing Base Statement	Monthly within 30 days	Yes No
Board approved projections	FYE within 60 days and as amended/updated	Yes No
Recurring revenue cohort report	Quarterly within 30 days	Yes No

The following Intellectual Property was registered after the Effective Date (if no registrations, state "None")

<u>Financial Covenant</u>	<u>Required</u>	<u>Actual</u>	<u>Complies</u>
Maintain as indicated:			
Minimum Adjusted Quick Ratio	1.30:1.00	:1.00	Yes No
Minimum EBITDA	*	\$	Yes No

* See Section 6.9(b)

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Compliance Statement.

The following are the exceptions with respect to the statements above: (If no exceptions exist, state "No exceptions to note.")

Schedule 1 to Compliance Statement

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

I. Adjusted Quick Ratio (Section 6.9(a))

Required: Maintain at all times, to be certified to Bank as of the last day of each month, an Adjusted Quick Ratio of equal to or greater than 1.30 to 1.00. Additionally, the component of Quick Assets which makes up Borrower's unrestricted and unencumbered cash in Deposit Accounts maintained with Bank shall be equal to or greater than Ten Million Dollars (\$10,000,000).

Actual:

A.	Aggregate value of the unrestricted and unencumbered cash of Borrower in Deposit Accounts maintained with Bank	\$ _____
B.	Aggregate value of the unrestricted and unencumbered cash of Borrower in Deposit Accounts maintained with financial institutions other than Bank subject to a Control Agreement in favor of Bank	\$ _____
C.	Aggregate value of cash and Cash Equivalents of Upwork Escrow Inc.	\$ _____
D.	Aggregate value of the accounts receivable of Borrower determined according to GAAP	\$ _____
E.	Aggregate value of the accrued hourly billing liabilities of Borrower determined according to GAAP	\$ _____
F.	Quick Assets (line A plus line B plus line C plus line D minus line E)	\$ _____
G.	Aggregate value of principal amount of Term Loans outstanding and Advances	\$ _____
H.	Aggregate value of Borrower's accounts payable determined according to GAAP	\$ _____
I.	The sum of lines G and H	\$ _____
J.	Adjusted Quick Ratio (line F divided by line I)	:1.00

Is line J equal to or greater than 1.30:1:00?

_____ No, not in compliance

_____ Yes, in compliance

Is line A equal to or greater than \$10,000,000?

_____ No, not in compliance

_____ Yes, in compliance

II. EBITDA (Section 6.9(b))

Required: Achieve, measured as of the last day of each fiscal quarter during the following periods, EBITDA of at least (loss not worse than) the following amounts:

Period	Minimum EBITDA (maximum loss)
Trailing three (3) month period ending September 30, 2017	\$500,000
Trailing six (6) month period ending December 31, 2017	(\$3,000,000)
Trailing nine (9) month period ending March 31, 2018	(\$6,000,000)
Trailing twelve (12) month period ending June 30, 2018	(\$5,000,000)
Trailing twelve (12) month period ending September 30, 2018	(\$4,000,000)
Trailing twelve (12) month period ending December 31, 2018	(\$2,000,000)
Trailing twelve (12) month period ending March 31, 2019	\$1.00

Bank and Borrower shall use reasonable efforts to mutually agree in good faith upon reasonable minimum EBITDA numbers consistent with past practices based on Borrower's projections approved by the Board delivered pursuant to Section 6.2(f); provided failure to so agree on or before March 31 of such fiscal year shall be an immediate Event of Default

Actual:

A.	Net Income	\$ _____
B.	To the extent included in the determination of Net Income	
1.	Interest Expense	\$ _____
2.	Income tax expense	\$ _____
3.	Depreciation expense	\$ _____
4.	Amortization expense	\$ _____

5.	Non-cash stock compensation expense	\$ _____
6.	Other non-operating non-cash income and expenses, excluding foreign currency gains/losses	\$ _____
7.	Write-off or impairment of intangible assets	\$ _____
8.	Costs and expenses in connection with the repayment of Indebtedness owing to Pacific Western Bank on the Effective Date	\$ _____
9.	Costs and expenses in connection with the negotiation and preparation of the Loan Agreement and the other Loan Documents	\$ _____
10.	In respect of foreign currency gains/losses, (A) up to \$500,000 in the trailing three (3) month period ending September 30, 2017, (B) up to \$750,000 in the trailing six (6) month period ending December 31, 2017 and the trailing nine (9) month period ending March 31, 2018, and (C) up to \$1,000,000 thereafter	\$ _____
11.	Other non-cash expenses approved by Bank in writing on a case-by-case basis	\$ _____
12.	Sum of lines B.1 through B.12	\$ _____
C.	EBITDA (line A plus line B.12)	\$ _____

Is line C at least (loss not worse than) \$ _____?

_____ No, not in compliance

_____ Yes, in compliance

EXHIBIT C
POST-CLOSING CONTROL AGREEMENTS

<u>Institution Name</u>	<u>Institution Address</u>	<u>Account Number</u>	<u>Name of Account Owner</u>
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Upwork Inc.
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Upwork Inc.
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Upwork Inc.
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Upwork Inc.
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Upwork Inc.
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Upwork Inc.
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Upwork Inc.
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Upwork Inc.
CitiBank N.A	P.O. Box 6201, Sioux Falls, SD 57117-6201		Elance-ODesk, Inc./Upwork Inc.
Wells Fargo Bank N.A	Wells Fargo Bank, N.A. (182), PO Box 63020 San Francisco, CA 94163		Elance Inc.

**FIRST AMENDMENT
TO
LOAN AND SECURITY AGREEMENT**

This First Amendment to Loan and Security Agreement (this "**Amendment**") is entered into this 29th day of November, 2017 by and between (a) **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and (b) **UPWORK INC.**, a Delaware corporation, **ELANCE, INC.**, a Delaware corporation, **UPWORK GLOBAL INC.**, a California corporation, and **UPWORK TALENT GROUP INC.**, a Delaware corporation (each and together, jointly and severally, "**Borrower**").

RECITALS

A. Bank and Borrower have entered into that certain Loan and Security Agreement dated as of September 19, 2017 (as amended, and as the same may from time to time be further amended, modified, supplemented or restated, the "**Loan Agreement**").

B. Bank has previously extended credit to Borrower for the purposes permitted in the Loan Agreement.

C. Borrower has requested that Bank amend the Loan Agreement to make certain revisions to the Loan Agreement as more fully set forth herein.

D. Bank has agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

Amendments to Loan Agreement.

Section 2.5. Section 2.5 is amended and restated in its entirety as follows:

Section 2.5. Term Loans.

2.5.1. Term Loan A

(a) Availability. On the Effective Date, Bank made a term loan available to Borrower in the original principal amount of Fifteen Million Dollars (\$15,000,000) (the "**Term Loan A**"). After repayment, the Term Loan A (or any portion thereof) may not be reborrowed.

(b) Repayment. Commencing on the first Payment Date following the Effective Date, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of the Term Loan A at the rate set forth in Section 2.7(a)(ii). Commencing on the first Payment Date following the expiration of the Interest Only Period, and continuing on each Payment Date thereafter, Borrower shall repay the Term Loan A in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above. All outstanding principal and accrued and unpaid interest under the Term Loan A, and all other outstanding Obligations with respect to the Term Loan A, are due and payable in full on the Term Loan Maturity Date.

(c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the Term Loan A, provided Borrower (i) delivers written notice to Bank of its election to prepay the Term Loan A at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal plus accrued and unpaid interest with respect to the Term Loan A, and (B) all other sums, if any, that shall have become due and payable with respect to the Term Loan A, including interest at the Default Rate with respect to any past due amounts.

(d) Mandatory Prepayment Upon an Acceleration. If the Term Loan A is accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan A, and (ii) all other sums, if any, that shall have become due and payable with respect to the Term Loan A, including interest at the Default Rate with respect to any past due amounts.

2.5.2 Term Loan B.

(a) Availability. Subject to the terms and conditions of this Agreement, on the First Amendment Effective Date, Bank shall make a term loan to Borrower in the original principal amount of Nine Million Dollars (\$9,000,000) (the “**Term Loan B**”). After repayment, the Term Loan B (or any portion thereof) may not be reborrowed.

(b) Repayment. Commencing on the first Payment Date following the Effective Date, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of the Term Loan B at the rate set forth in Section 2.7(a)(ii). Commencing on the first Payment Date following the expiration of the Interest Only Period, and continuing on each Payment Date thereafter, Borrower shall repay the Term Loan B in (i) forty-seven (47) (forty-two (42) if the Term Loan B Interest Only Extension Trigger is achieved) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above. All outstanding principal and accrued and unpaid interest under the Term Loan B, and all other outstanding Obligations with respect to the Term Loan B, including the Final Payment, are due and payable in full on the Term Loan Maturity Date.

(c) Permitted Prepayment. Borrower shall have the option to prepay all, or any portion, of the Term Loan B, provided Borrower (i) delivers written notice to Bank of its election to prepay the Term Loan B at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal plus accrued and unpaid interest with respect to the Term Loan B, and (B) all other sums, if any, that shall have become due and payable with respect to the Term Loan B, including the Final Payment (or the pro rata portion of the Final Payment which shall be due and payable in connection with any partial prepayment by Borrower) and any interest at the Default Rate with respect to any past due amounts. The amount prepaid in connection with any partial prepayments shall be applied to the outstanding principal remaining on a pro rata basis to reduce the remaining principal repayment schedule.

(d) Mandatory Prepayment Upon an Acceleration. If the Term Loan B is accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan B, and (ii) all other sums, if any, that shall have become due and payable with respect to the Term Loan B, including the Final Payment and any interest at the Default Rate with respect to any past due amounts.

Section 2.7(a)(ii). Section 2.7(a)(ii) is amended and restated in its entirety as follows:

“(ii) Term Loan. Subject to Section 2.7(b), (A) the principal amount outstanding under the Term Loan A shall accrue interest at a floating per annum rate equal to one-quarter of one percent (0.25%) above the Prime Rate, which interest shall be payable monthly in accordance with Section 2.7(d) below and (B) the principal amount outstanding under the Term Loan B shall accrue interest at a floating per annum rate equal to five and one-quarter of one percent (5.25%) above the Prime Rate, which interest shall be payable monthly in accordance with Section 2.7(d) below.”

Section 2.8. Section 2.8 is hereby amended by inserting the following clause (e) immediately after clause (d) thereof:

“(e) Final Payment. The Final Payment, when due hereunder.

Section 5.10. Section 5.10 is hereby amended and restated as follows:

“Borrower shall use the proceeds of (i) the Credit Extensions solely as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes and (ii) Term Loan B (together with Advances in an amount not to exceed \$10,500,000) solely for the 2017 Stock Repurchase.”

Section 7.7. Section 7.7 is hereby amended and restated as follows:

“(a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock, provided that Borrower may (i) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) pay dividends solely in common stock, (iii) repurchase the stock of directors, employees or consultants pursuant to employee stock purchase plans, restricted stock agreements, rights or first refusal or other similar agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed One Hundred Thousand Dollars (\$100,000) per fiscal year, (iv) consummate the 2017 Stock Repurchase; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.”

Section 13 (Definitions). The following new terms and their respective definitions are inserted alphabetically in Section 13.1:

“**2017 Stock Repurchase**” is the repurchase of stock of existing investors of Borrower other than pursuant to employee stock purchase plans, restricted stock agreements, rights of first refusal or other similar agreements in an aggregate amount not to exceed Nineteen Million Five Hundred Thousand Dollars (\$19,500,000) on the First Amendment Effective Date using proceeds of the Term Loan B in addition to certain proceeds attributable to Advances, which proceeds from Advances shall not exceed \$10,500,000.

“Final Payment” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the Term Loan Maturity Date for the Term Loan B, or (b) the acceleration of the Term Loan B, or (c) the prepayment of the Term Loan B pursuant to Section 2.5.2(c), equal to \$101,250 (or the pro rata portion of such amount which shall be due and payable in connection with any partial prepayment by Borrower).

“First Amendment Effective Date” is November 29, 2017.

“Term Loan A” is defined in Section 2.5.1(a).

“Term Loan B” is defined in Section 2.5.2(a).

“Term Loan B Interest Only Extension Trigger” means the delivery to Bank of evidence reasonably satisfactory to Bank demonstrating that Borrower has achieved EBITDA of at least One Million Dollars (\$1,000,000) for the trailing six (6) month period ending on September 30, 2018.

Section 13 (Definitions). The following terms and their respective definitions set forth in Section 13.1 are amended in their entirety and replaced with the following:

“Adjusted Quick Ratio” means, for any date of determination, the ratio of (a) Quick Assets, to (b) the sum of (i) the principal amount of Term Loan A outstanding and Advances plus (ii) Borrower’s accounts payable determined according to GAAP; for purposes of clarity, the principal amount of Term Loan B outstanding shall not be included in the Adjusted Quick Ratio calculation.

“Credit Extension” is any Advance, any Overadvance, Letter of Credit, FX Contract, amount utilized for Cash Management Services, Term Loan A, Term Loan B or any other extension of credit by Bank for Borrower’s benefit.

“Interest Only Period” is (i) with respect to the Term Loan A, the period of time commencing on the Effective Date through the earlier to occur of (a) March 31, 2019 or (b) the occurrence of an Event of Default and (ii) with respect to the Term Loan B, the period of time commencing on the Effective Date through the earlier to occur of (a) October 31, 2018 (or March 31, 2019 if the Term Loan B Interest Only Extension Trigger is achieved) or (b) the occurrence of an Event of Default.

“Payment Date” is (a) with respect to any Term Loan, the first (1st) calendar day of each month and (b) with respect to Advances, the last calendar day of each month.

“**Term Loan**” is Term Loan A or Term Loan B, as the context may require.

“**Term Loan Maturity Date**” is (i) with respect to the Term Loan A, the earlier to occur of (a) the occurrence and continuance of an Event of Default or (b) three (3) years after the expiration of the Interest Only Period and (ii) with respect to the Term Loan B, the earlier to occur of (a) the occurrence and continuance of an Event of Default or (b) forty-seven (47) (forty-two (42) if the Term Loan B Interest Only Extension Trigger is achieved) months after the expiration of the Interest Only Period.

Exhibit B (Compliance Certificate). The Compliance Certificate is amended in its entirety and replaced with the Compliance Certificate in the form of Exhibit B attached hereto.

Limitation of Amendments.

The amendments set forth in Section 2 above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

Representations and Warranties. To induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date or time period, in which case they are true and correct as of such date or with respect to such time period), and (b) no Event of Default has occurred and is continuing;

Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

The organizational documents of Borrower delivered to Bank on the Effective Date remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

Ratification of Perfection Certificate. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated as of September 19, 2017, and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in such Perfection Certificate have not materially changed, as of the date hereof except as set forth on Schedule A.

No Defenses of Borrower. Borrower hereby acknowledges and agrees that Borrower has no offsets, defenses, claims, or counterclaims against Bank with respect to the Obligations, or otherwise, and that if Borrower now has, or ever did have, any offsets, defenses, claims, or counterclaims against Bank, whether known or unknown, at law or in equity, all of them are hereby expressly WAIVED and Borrower hereby RELEASES Bank from any liability thereunder.

Integration. This Amendment and 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 this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

Effectiveness. As a condition precedent to the effectiveness of this Amendment and the Bank's obligation to make the Term Loan B and further Advances under the Revolving Line, the Bank shall have received the following documents prior to or concurrently with this Amendment, each in form and substance acceptable to Bank:

this Amendment duly executed by each party hereto;

Borrower's payment of a fully earned, non-refundable facility fee of Ninety Thousand Dollars (\$90,000); and

Borrower's payment of documented Bank Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Amendment), but only the amount by which such Bank Expenses exceed \$10,000.

a secretary's certificate of Borrower with respect to such Borrower's Operating Documents, incumbency, specimen signatures and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents to which it is a party;

duly executed signatures to the completed Borrowing Resolutions for Borrower;

such further documents as Bank may reasonably request to effect the purposes of this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BORROWER:

UPWORK INC.

By /s/ Brian Levey

Name: Brian Levey

Title: General Counsel and Secretary

ELANCE, INC.

By /s/ Junko Swain

Name: Junko Swain

Title: Treasurer

UPWORK GLOBAL INC.

By /s/ Brian Levey

Name: Brian Levey

Title: General Counsel and Secretary

UPWORK TALENT GROUP INC.

By /s/ Junko Swain

Name: Junko Swain

Title: Treasurer

BANK:

SILICON VALLEY BANK

By /s/ Ashlee Kaji

Name: Ashlee Kaji

Title: Vice President

EXHIBIT B
COMPLIANCE STATEMENT

TO: SILICON VALLEY BANK
FROM: UPWORK INC., ELANCE, INC., UPWORK GLOBAL INC.,
and UPWORK TALENT GROUP INC.

Date: _____

Under the terms and conditions of the Loan and Security Agreement between Upwork Inc., Elance, Inc., Upwork Global Inc., and Upwork Talent Group Inc. (each and together, jointly and severally, "**Borrower**") and Bank (the "**Agreement**"), Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below. Attached are the required documents evidencing such compliance, setting forth calculations prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. 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.

<u>Reporting Covenants</u>	<u>Required</u>	<u>Complies</u>
Monthly financial statements with Compliance Statement	Monthly within 30 days	Yes No
Annual financial statements (CPA Audited)	FYE within 180 days	Yes No
10-Q, 10-K and 8-K	Within 10 days after filing with SEC	Yes No
A/R & A/P Agings	Monthly within 30 days	Yes No
Borrowing Base Statement	Monthly within 30 days	Yes No
Board approved projections	FYE within 60 days and as amended/updated	Yes No
Recurring revenue cohort report	Quarterly within 30 days	Yes No

The following Intellectual Property was registered after the Effective Date (if no registrations, state "None")

<u>Financial Covenant</u>	<u>Required</u>	<u>Actual</u>	<u>Complies</u>
Maintain as indicated:			
Minimum Adjusted Quick Ratio	1.30:1.00	:1.00	Yes No
Minimum EBITDA	*	\$	Yes No

* See Section 6.9(b)

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Compliance Statement.

The following are the exceptions with respect to the statements above: (If no exceptions exist, state "No exceptions to note.")

Schedule 1 to Compliance Statement

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

I. Adjusted Quick Ratio (Section 6.9(a))

Required: Maintain at all times, to be certified to Bank as of the last day of each month, an Adjusted Quick Ratio of equal to or greater than 1.30 to 1.00. Additionally, the component of Quick Assets which makes up Borrower's unrestricted and unencumbered cash in Deposit Accounts maintained with Bank shall be equal to or greater than Ten Million Dollars (\$10,000,000).

Actual:

A.	Aggregate value of the unrestricted and unencumbered cash of Borrower in Deposit Accounts maintained with Bank	\$ _____
B.	Aggregate value of the unrestricted and unencumbered cash of Borrower in Deposit Accounts maintained with financial institutions other than Bank subject to a Control Agreement in favor of Bank	\$ _____
C.	Aggregate value of cash and Cash Equivalents of Upwork Escrow Inc.	\$ _____
D.	Aggregate value of the accounts receivable of Borrower determined according to GAAP	\$ _____
E.	Aggregate value of the accrued hourly billing liabilities of Borrower determined according to GAAP	\$ _____
F.	Quick Assets (line A plus line B plus line C plus line D minus line E)	\$ _____
G.	Aggregate value of principal amount of the Term Loan A outstanding and Advances	\$ _____
H.	Aggregate value of Borrower's accounts payable determined according to GAAP	\$ _____
I.	The sum of lines G and H	\$ _____
J.	Adjusted Quick Ratio (line F divided by line I)	:1.00

Is line J equal to or greater than 1.30:1:00?

_____ No, not in compliance

_____ Yes, in compliance

Is line A equal to or greater than \$10,000,000?

_____ No, not in compliance

_____ Yes, in compliance

II. EBITDA (Section 6.9(b))

Required: Achieve, measured as of the last day of each fiscal quarter during the following periods, EBITDA of at least (loss not worse than) the following amounts:

Period	Minimum EBITDA (maximum loss)
Trailing three (3) month period ending September 30, 2017	\$500,000
Trailing six (6) month period ending December 31, 2017	(\$3,000,000)
Trailing nine (9) month period ending March 31, 2018	(\$6,000,000)
Trailing twelve (12) month period ending June 30, 2018	(\$5,000,000)
Trailing twelve (12) month period ending September 30, 2018	(\$4,000,000)
Trailing twelve (12) month period ending December 31, 2018	(\$2,000,000)
Trailing twelve (12) month period ending March 31, 2019	\$1.00

June 30, 2019 and thereafter

Bank and Borrower shall use reasonable efforts to mutually agree in good faith upon reasonable minimum EBITDA numbers consistent with past practices based on Borrower's projections approved by the Board delivered pursuant to Section 6.2(f); provided failure to so agree on or before March 31 of such fiscal year shall be an immediate Event of Default

Actual:

A.	Net Income	\$ _____
B.	To the extent included in the determination of Net Income	
1.	Interest Expense	\$ _____
2.	Income tax expense	\$ _____
3.	Depreciation expense	\$ _____
4.	Amortization expense	\$ _____
5.	Non-cash stock compensation expense	\$ _____
6.	Other non-operating non-cash income and expenses, excluding foreign currency gains/losses	\$ _____
7.	Write-off or impairment of intangible assets	\$ _____
8.	Costs and expenses in connection with the repayment of Indebtedness owing to Pacific Western Bank on the Effective Date	\$ _____
9.	Costs and expenses in connection with the negotiation and preparation of the Loan Agreement and the other Loan Documents	\$ _____
10.	In respect of foreign currency gains/losses, (A) up to \$500,000 in the trailing three (3) month period ending September 30, 2017, (B) up to \$750,000 in the trailing six (6) month period ending December 31, 2017 and the trailing nine (9) month period ending March 31, 2018, and (C) up to \$1,000,000 thereafter	\$ _____
11.	Other non-cash expenses approved by Bank in writing on a case-by-case basis	\$ _____
12.	Sum of lines B.1 through B.12	\$ _____
C.	EBITDA (line A plus line B.12)	\$ _____

Is line C at least (loss not worse than) \$ _____?

_____ No, not in compliance

_____ Yes, in compliance

Schedule A

Pursuant to Section 5 of this Amendment and Section 5.1 of that certain Loan Agreement, the following are updates to the Perfection Certificate:

1f. Upwork Inc. is registered to transact business as a foreign entity in California, Colorado, Florida, Georgia, Illinois, Oregon and Tennessee.

4b. The table in Section 4b is amended as follows:

<u>Complete street and mailing address, including county</u>	<u>Name of Company/Subsidiary</u>	<u>Equipment/Inventory/other Collateral</u>
441 Logue Avenue, Mountain View, CA 94043, Santa Clara County	Upwork Inc.	Furniture and equipment
475 Brannan Street, Suite 400 and 430, San Francisco, CA 94107, San Francisco County	Upwork Inc.	Furniture and equipment
224 N. Desplaines Street, Suite 350 and 400, Chicago, IL 60661, Cook County	Upwork Inc.	Furniture and equipment
Tordenskiolds gate 3, 0160 Oslo, Norway	Elance Limited	Furniture and equipment
241 Walsh Ave, Floor 1, Suite Note, Santa Clara, CA 95051, Santa Clara County	Upwork Inc.	Servers and equipment

6a. The entry for debt owed to Pacific Western Bank in the amount of \$262,878 with a maturity date of June 30th, 2019 is deleted.

8. In the ordinary course of business from time to time, Borrower receives threats of litigation from its users that include indefinite amounts of damages, however, to the Borrower's knowledge, there is no threatened litigation or claims against Borrower that are reasonably expected to exceed \$50,000 in liability. In addition to the disclosures in the existing Perfection Certificate, Borrower received one complaint filed on November 13, 2017, MFA Oil Company, Janice Serpico and Tami Ensor vs. Upwork Global Inc., United States District Court for the Western District of Missouri, Central Division, Case No. 2:17-cv-4222. No specific monetary demand was stated in the complaint, but Borrower believes all claims therein have no merit.

Schedule 2(c)

Upwork's updated capitalization table as of November 21, 2017 was provided to Bank via email on November 21, 2017 and titled "11.21.17 Board Upwork Detailed Cap Reconciled.pdf"

Schedule 11

Updates:

Brian Kinion is Chief Financial Officer of Upwork Inc. and Upwork Global Inc.

Brian Levey is General Counsel and Secretary of Upwork Inc. and Upwork Global Inc. and has tendered his resignation as Chief Financial Officer of Upwork Inc. and Upwork Global Inc.

Zoe Harte is Senior Vice President, HR & Talent Innovation of Upwork Inc.

441 LOGUE AVENUE LEASE AGREEMENT

by and between

441 LOGUE AVENUE ASSOCIATES, LLC

(“Landlord”)

and

ELANCE, INC.

(“Tenant”)

BASIC LEASE INFORMATION

Lease Date: March 27, 2007

LANDLORD: 441 LOGUE AVENUE ASSOCIATES, LLC
a Delaware limited liability company

Managing Agent: DOSTART DEVELOPMENT COMPANY, LLC

Landlord's and
Managing Agent's Address: c/o DOSTART DEVELOPMENT COMPANY, LLC
777 High Street
Palo Alto, CA 94301

TENANT: ELANCE, INC.
a Delaware corporation

Tenant's Address: FOR NOTICE FOR BILLING
Elance, Inc. Elance, Inc.
441 Logue Avenue, Suite 150 441 Logue Avenue, Suite 150
Mountain View, CA 94043 Mountain View, CA 94043

Land: The real property described in Exhibit "A-1"

Building: The two story building located at 441 Logue Avenue, Mountain View as shown on the site plan
attached hereto as Exhibit "A-2"

Suite: 150

Premises: A portion of the first floor of the Building, as shown on the floor plans attached hereto in Exhibit
"A", including exclusive use of the side lobby.

Rentable Area of the Premises: 14,889 rentable square feet. Square footage measurements were made to the outside face of
exterior walls and to the center line of interior walls with no deductions for interior vertical
penetrations.

Rentable Area of the Building: 31,864 square feet.

Parking Spaces: See Paragraph 34 of Lease.

Tenant's Use of the Premises: Office, research and development.

Lease Term: Three (3) years (the "Term").

Scheduled Commencement Date: May 1, 2007.

Commencement Date: See Paragraph 2(a) of Lease.

Expiration Date: The date which is one day prior to the third anniversary of the Commencement Date.

Rent Commencement Date: May 1, 2007.

Tenant Allowance:	N/A.	
Base Rent:	<u>Months:</u>	<u>Rental Rate per rentable square foot per month:</u>
	01-12	\$2.25
	13-24:	\$2.31
	25-36:	\$2.39
	(All rent periods are calculated beginning from the Rent Commencement Date)	
Base Rent Adjustment:	See above	
Tenant's Prorata Share and Tenant's Share of Expenses and Real Estate Taxes:	46.73%	
Security Deposit:	See Paragraph 32	
Guarantor of Lease:	N/A	
Broker:	Colliers International (Tenant) & CPS/Corfac International (Landlord)	
Broker's Fee or Commission, If Any, Paid By:	Landlord	

The foregoing Basic Lease Information is hereby incorporated into and made a part of this Lease. Each reference in this Lease to any of the Basic Lease Information shall mean the respective information hereinabove set forth and shall be construed to incorporate all of the terms provided under the particular paragraph pertaining to such information. In the event of any conflict between any Basic Lease Information and the Lease, the latter shall control.

- Exhibit "A" Premises
- Exhibit "A-1" Land
- Exhibit "A-2" Building
- Exhibit "A-3" Project
- Exhibit "B" Work Letter
- Exhibit "C" Rules and Regulations
- Exhibit "D" Commencement Date Memorandum

[SIGNATURES FOLLOW ON NEXT PAGE]

LANDLORD:

441 LOGUE AVENUE ASSOCIATES, LLC,
a Delaware limited liability company

By: /s/ Steve Dostart

Name: Steve Dostart

Its: Manager

TENANT:

ELANCE, INC.,
a Delaware corporation

By: /s/ Fabio Rosati

Name: Fabio Rosati

Its: President & CEO

By: /s/ Ved Sinha

Name: Ved Sinha

Its: VP, Product

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into as of March 27, 2007, by and between **441 LOGUE AVENUE ASSOCIATES, LLC** a Delaware limited liability company, (herein called "Landlord"), and **ELANCE, INC.**, a Delaware corporation, (herein called "Tenant").

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 (the "Premises") consisting of the portion of the Building as shown on the floor plans attached hereto in EXHIBIT "A", (hereinafter referred to as the "Building"). The land on which the Building is located is described on attached EXHIBIT "A-1" (the "Land"), and the Building is shown on the site plan attached hereto in EXHIBIT "A-2". The Land, together with the Building, any and all other improvements is referred to as "Project" comprising the area substantially as cross hatched on the attached EXHIBIT "A-3". The term "Common Area" shall mean all areas and facilities within the Project that are not designated by Landlord for the exclusive use of Tenant or any other tenant or other occupant of the Project, including but not limited to the parking areas, access and perimeter roads, pedestrian sidewalks, landscaped areas, trash enclosures, recreation areas, common use facilities on the first floor (e.g. building electrical room) and the like. Landlord shall permit Tenant, at no additional cost or expense to Tenant, to use the cubicals and phone system currently located in the Premises, in their current as-is condition, without representation or warranty as their fitness for Tenant's purposes.

1. **OCCUPANCY AND USE.** Tenant may use and occupy the Premises for the purpose specified in the Basic Lease Information and for no other use or purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall be entitled to the use on a nonexclusive basis (subject to Paragraph 34) of the Common Area with Landlord and other occupants (if any) of the Project in accordance with the Rules and Regulations established by Landlord from time to time. Tenant shall be deemed to occupy the entire Premises as of the Commencement Date as determined in accordance with the provisions of Paragraph 2(a).

2. **TERM AND POSSESSION.**

(a) The term of this Lease (the "Term") shall commence on May 1, 2007 (the "Commencement Date") and, unless sooner terminated pursuant to the express provisions of this Lease, shall expire on the Expiration Date (as defined below). The "Expiration Date" shall be the day which is one day prior to the third anniversary of the Commencement Date, unless the Lease is sooner terminated pursuant to the express provisions of this Lease. If Landlord, for any reason whatsoever, cannot deliver possession of the Premises to Tenant on the Scheduled Commencement Date, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom. Notwithstanding the foregoing, if Landlord fails to deliver possession of the Premises to Tenant with all of Landlord's Work (as such term is defined in Section 2(b) below) substantially complete on or before May 1, 2007 (as extended day-for-day for each day of Tenant Delay or Force Majeure Delay), then Tenant shall have the right to terminate this Lease by providing written notice to Landlord at any time within five (5) days after the expiration of such period. Within five (5) business days after the Commencement Date, the parties shall execute a letter confirming the Commencement Date and certifying that Tenant has accepted delivery of the Premises, in the form attached hereto as EXHIBIT "D" (the "Commencement Date Memorandum"). Either party's failure to request execution of, or to execute, the Commencement Date Memorandum shall not in any way alter the Commencement Date.

(b) Notwithstanding the provisions of Paragraph 2(a), Tenant shall be entitled to early occupancy of the Premises at any time after the full execution of this Lease provided that (i) Tenant covenants and agrees that neither Tenant nor Tenant's employees, guests or invitees will interfere with the performance and completion of the Landlord's Work, (ii) Landlord shall have no liability to Tenant for delays in completing the Landlord's Work which result from, are caused by or arise out of the interference by Tenant or Tenant's employees, guests or invitees in the performance of the Landlord's Work, (iii) Tenant shall promptly comply with any and all requests made by Landlord or Landlord's contractor(s) that Tenant remove its property from those areas in or around which Landlord is performing the Landlord Work, and (iv) Landlord shall not be liable for, Tenant hereby waives all claims which Tenant may have against Landlord Parties (as such term is defined in Section 10(a) below), and Tenant agrees to indemnify and hold harmless for any injury or damage to any person or property in or about the Premises

resulting from or arising out of or in connection with the performance of Landlord's Work, including without limitation interruption in the HVAC services provided to the Server room (unless arising from the negligence or willful misconduct of Landlord). Tenant's early occupancy of the Premises shall be subject to all of the terms and conditions of this Lease, provided that (i) the term shall not begin until the Commencement Date, and (ii) Tenant shall not be obligated to pay monthly base Rent for the period from the delivery of early occupancy of the Premises until the Rent Commencement Date.

(c) Tenant shall accept the Premises in its "as-is" condition, provided, however, that Landlord shall at its sole expense, in a good and workman-like manner, in compliance with applicable Laws and Regulations, and using Building standard materials and finishes, make those improvements to the Premises described in the separate work letter ("Work Letter") attached hereto as EXHIBIT "B" (collectively, the "Landlord's Work"):

(d) Landlord reserves from the leasehold estate hereunder (i) all exterior walls and windows bounding the Premises, and all space located within the Premises for vertical penetrations, conduits, electric and all other utilities, air-conditioning, sinks or other Building facilities, the use thereof and access thereto through the Premises for operation, maintenance, repair or replacement thereof, and (ii) the right from time to time, without unreasonable interference with Tenant's use, to install, remove or relocate any of the foregoing for service to any part of the Building to locations that will not materially interfere with Tenant's use of the Premises, to have access to and use of areas or facilities located within the Premises and serving or providing services to other parts of the Building (such as, by way of example only, risers, the plenum, the janitorial closet, and the elevator mechanical room located adjacent to the Building elevator), to make alterations or additions to the Building, to alter or relocate any other Common Area facility or any other common facility, and to make changes or alterations therein or enlargements thereof, provided that such changes do not increase Tenant's obligations under the Lease in any material respect. Landlord shall use commercially reasonable efforts to minimize any material interference with Tenant's business conducted at the Premises resulting from the performance of Landlord's obligations under this Paragraph. Subject to the rights of Tenant specified in this Lease, Landlord shall have the sole and exclusive right to possession and control of the Common Areas, all other public areas of the Project and the reserved areas or facilities described above in this Paragraph 2(d) which are located within the Premises.

3. **RENT; RENT ADJUSTMENTS; ADDITIONAL CHARGES FOR EXPENSES AND TAXES.**

(a) **Monthly Base Rent.** Commencing on May 1, 2007 ("Rent Commencement Date"), Tenant shall pay to Landlord throughout the Term the annual rental specified in the Basic Lease Information ("Base Rent"), which sum shall be payable by Tenant in equal monthly installments on, or at Tenant's election before, the first day of each month, in advance, in lawful money of the United States (without any prior demand therefor and without deduction or offset whatsoever, except as expressly provided for in Paragraphs 12, 20 and 21) to Landlord or its managing agent at the address specified in the Basic Lease Information or to such other firm or to such other place as Landlord or its Managing Agent may from time to time designate in writing. The first month's rent shall be due upon Tenant's execution of this Lease. Tenant shall pay to Landlord all charges and other amounts whatsoever as provided in this Lease ("Additional Charges") at the place where the Rent is payable and Landlord shall have the same remedies for a default in the payment of Additional Charges as for a default in the payment of Rent, subject to the notice and cure rights provided in Paragraph 19(a) of this Lease. If the Rent 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 Rent and Additional Charges for such fractional month shall be prorated on a daily basis.

(b) **Adjustments in Base Rent.** The monthly Base Rent provided for in Paragraph 3(a) shall be adjusted on each anniversary of the Commencement Date as provided in the Basic Lease Information.

(c) **Additional Charges for Expenses and Taxes.**

(1) **Definitions of Additional Charges:** For purposes of this Paragraph 3(c), the following terms shall have the meanings hereinafter set forth:

(A) “**Tax Year**” shall mean each twelve (12) consecutive month period commencing January 1st of the calendar year during which the Commencement Date of this Lease occurs.

(B) “**Tenant’s Share**” shall mean the percentage figure so specified in the Basic Lease Information.

(C) “**Real Estate Taxes**” shall mean all taxes, assessments and charges levied upon or with respect to the Project or any personal property of Landlord which is required for, or which is of a decorative nature which is used in, the operation thereof, or Landlord’s interest in the Project or such personal property. Real Estate Taxes shall include, without limitation, all general real property taxes and general and special assessments, charges, fees or assessments for police, fire or other governmental services (including transit or housing fees imposed subsequent to the Commencement Date) or purported benefits to the Building (provided, however, that any refunds of Real Estate Taxes paid by Tenant (as part of Tenant’s Share of Real Estate Taxes) shall be credited against the next installments of Rent due under this Lease, or, if this Lease has expired, shall be promptly refunded to Tenant), 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 on the use or occupancy of the Building or any part thereof, or 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 by the United States of America, the State of California, or any political subdivision, public corporation, district or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes, whether or not now customary or in the contemplation of the parties on the date of this Lease. Real Estate Taxes shall also include reasonable legal fees, costs, and disbursements incurred in connection with proceedings to contest, determine or reduce Real Estate Taxes; provided that such fees, costs and disbursements do not exceed the actual savings in Real Estate Taxes obtained by Tenant over the Term of the Lease. Real Estate Taxes shall not include: (i) succession, gift, estate, franchise, transfer, inheritance or capital stock taxes or income taxes measured by the net income of Landlord from all sources; (ii) any impact fees, special assessments or other exactions imposed on Landlord as a condition to the initial development or construction of the Project; or (iii) any late payment charges and penalties imposed because of Landlord’s late payment of Real Estate Taxes unless Tenant is in default with respect to its obligation to pay Rent at the time the installment of Real Estate Taxes for which the late payment charge or penalty is incurred was due. If any assessments are levied on the Project, Tenant shall have no obligation to pay more than Tenant’s Share of the minimum installment of principal and interest that would become due during any Tax Year had Landlord elected to pay the assessment in the maximum number of permissible installment payments, even if Landlord pays the assessment in full, provided, however, that Tenant shall not be responsible for any portion of an assessment levied against the Building as a result of any improvement(s) made by or for another tenant (other than an assignee or sublessee of Tenant) of the Building or as a result of any specific use of the Building by another tenant. Landlord shall deliver copies of all assessment notices promptly after receipt, but in no event later than forty five (45) days prior to the last day to file an appeal (provided that Landlord has received such notice by that date). In the event that Tenant desires to challenge the assessments levied against the Project for Real Estate Taxes, Tenant shall provide written notice to Landlord of such intent. Landlord shall have a period of fifteen (15) days within which to notify Tenant of its election to (i) challenge the assessment or (ii) not challenge the assessment. A lack of response from Landlord shall indicate that Landlord has elected to not challenge the assessment. If Tenant desires to directly challenge the assessment, it shall then notify Landlord of its intent to do so and then Landlord shall cooperate fully with Tenant in its efforts to challenge such reassessment (including executing and filing, in Landlord’s name, any reasonable documentation necessary) so long as Tenant pays all costs of such challenge and posts a bond or pays any other costs necessary to prevent a lien from being placed against the Project while such challenge is pending; provided, however, Landlord shall have the right to approve any such challenge, in advance, during the last two (2) years of the Term, which approval shall not be unreasonably withheld. The benefit of any reduction in taxes during applicable periods shall accrue to Tenant.

(D) “Expenses” shall mean the total costs and reasonable expenses paid or incurred by Landlord in connection with the management, operation, maintenance and repair of the Building, including, without limitation (i) the cost of air conditioning, electricity, heating, mechanical, ventilating and all other utilities and the cost of supplies and equipment and maintenance and service contracts in connection therewith; (ii) the cost of repairs and general maintenance and cleaning; (iii) the cost of fire, extended coverage, boiler, sprinkler, public liability, property damage, rental loss, earthquake (if available at commercially reasonable rates) and other insurance; (iv) management fees, reasonable legal fees, fees of all independent contractors engaged by Landlord directly related to the operation of the Building or reasonably charged by Landlord if Landlord performs management services in connection with the Building, (though the management fee shall not exceed 3% of Base Rent); and (v) the cost (amortized in accordance with the provisions of the next sentence) of any capital improvements made to the Building after the Commencement Date (a) as a labor saving device or to effect other economies in the operation or maintenance of the Building (from which a reasonable person would anticipate that savings would actually result, but not in excess of the actual savings), (b) to repair or replace capital items which are no longer capable of providing the services required of them, or (c) that are made to the Building (excluding improvements made to the premises of any other tenant) after the date of this Lease and are required under any governmental law or regulation that was not applicable to the Building as of the date the Lease was executed. The cost of the foregoing capital improvements and any other capital improvements the cost of which is the responsibility of Tenant pursuant to this Lease, shall be amortized over the useful life of the capital item in question as determined in accordance with generally accepted accounting principles (“GAAP”), but in no event over a longer period than ten (10) years, together with interest on the unamortized balance at the rate paid by Landlord on funds borrowed for the purpose of constructing such capital improvements; or, if Landlord does not elect to borrow funds, at the “prime rate” of interest announced by the Wall Street Journal over the period the funds are advanced, plus two percent (2%) (“Interest Rate”). Any “deductible” amounts relating to capital improvements required to be paid by Tenant hereunder in connection with any casualty policy carried by Landlord shall be amortized over the useful life of the restoration work in accordance with GAAP; provided, however Tenant shall not be responsible for any deductible amounts in excess of the greater of (i) \$10,000 or (ii) ten percent (10%) of the actual loss.

Notwithstanding anything to the contrary herein contained, Expenses shall not include, and in no event shall Tenant have any obligation to pay for pursuant to this Paragraphs 3 or 7(b), (aa) any costs in connection with the initial construction of the Project or acquisition of the Land on which the Building is located; (bb) the cost of providing tenant improvements to Tenant or any other tenant; (cc) debt service (including, but without limitation, finance charges, interest, principal, any impound payments and late fees not reimbursed pursuant to Paragraph 3(d)) required to be made on any mortgage or deed of trust recorded with respect to the Building and/or the real property on which the Building is located other than debt service and financing charges imposed pursuant to clause (v) of Paragraph 3(c)(1)(D); (dd) the cost of special services, goods or materials provided to any tenant; (ee) depreciation; (ff) any management fee, regardless of whether paid to Landlord, its affiliate or any other party, which is in excess of three percent (3%) of Base Rent; (gg) costs occasioned by Landlord’s fraud, gross negligence or willful misconduct under applicable laws; (hh) costs for which Landlord has a right of and has received reimbursement from others (including insurance reimbursements which Landlord would have been received through Landlord’s insurance required to be carried under this Lease had Landlord complied with the provisions of Paragraph 10(f) below); (ii) costs to correct any construction or design defects in the original construction of the Premises, the Building or the Project; (jj) repairs, replacement and upgrades made during the Term to the structural elements of the Building, (including the concrete tilt-up walls), roof structure (including the membrane), foundation, plate glass (which breaks due to construction reasons as opposed to due to vandalism), and concrete slabs; (kk) any costs for which Landlord has indemnified Tenant pursuant to Paragraph 39; (ll) advertising or promotional costs; (mm) leasing commissions; (nn) the cost of any repairs or replacements following a casualty to the extent they are reimbursed via insurance or to the extent any deductible amounts exceed the maximum deductible amounts noted in the preceding paragraph; (oo) any costs of repairs or replacements caused by a condemning authority; (pp) rental payments for any Base Building equipment such as HVAC equipment, elevators and the like included in Landlord’s Work; (qq) legal expenses, accounting expenses or consulting expenses of any kind not directly related to the management of the Building and Property (as opposed to the business of Landlord’s

partnership) or not expressly provided elsewhere in this Lease; (rr) any costs paid to affiliates or parties related to Landlord for services or materials to the extent that such costs are in excess of the fair market amount for such services or materials (Landlord's 3% management fee shall be deemed a market amount for such service); (ss) amounts for which Landlord has indemnified Tenant elsewhere in this Lease and for fines, penalties and fees for late payments unless caused by Tenant's failure to timely pay Rent and Additional Charges; (tt) repairs or construction necessitated by violations of laws applicable to the Building as of the date the permits for the construction thereof were obtained; (uu) artwork; (vv) costs and expenses incurred by Landlord in connection with upgrading the Building (excluding the Premises) to comply with disability or life insurance requirements, or life safety codes, ordinances, statutes or other laws, including without limitation the Americans with Disabilities Act, in effect at the time building permits were obtained for the construction of the Building; (xx) costs of decorating, redecorating, or special cleaning or other services not provided on a regular basis to tenants of the Building; (yy) wages, salaries, fees, and fringe benefits paid to executive personnel or officers or partners of Landlord; (zz) any charge for Landlord's income taxes, excess profit taxes, franchise taxes, or similar taxes on Landlord's business; (aaa) any costs for which Tenant or any other tenant in the building is being charged other than pursuant to the operating expense provisions of such tenant's lease (including without limitation the provisions of Section 3(c) hereof); (bbb) the cost of any repair made by Landlord because of the total or partial destruction of the building or the condemnation of a portion of the Building to the extent such cost is covered by any policy of insurance which Landlord is required to maintain pursuant to the provisions of this Lease; (ccc) any increase in insurance premiums to the extent that such increase is caused or attributable to the use, occupancy or act of another tenant; (ddd) the cost of any items for which Landlord is reimbursed by insurance or otherwise compensated by parties other than tenants of the Building pursuant to clauses similar to this paragraph; (eee) any operating expense representing an amount paid to a related corporation, entity, or person which is in excess of the amount which would be paid in the absence of such relationship; (fff) the cost of tools and equipment used in the initial construction of the Building; (ggg) the cost of any work or service performed for or facilities furnished to any tenant of the Building to a greater extent or in a manner more favorable to such tenant than that performed for or furnished to Tenant; (hhh) the cost of any work or service performed for or facilities furnished for the account of, separately billed to, and paid by, specific tenants; (iii) the cost of alterations of space in the Building leased to other tenants, (jjj) the cost of overtime or other expense to Landlord in curing its defaults or performing work expressly provided for in this Lease to be borne at Landlord's expense; or (kkk) ground rent or similar payments to a ground Lessor.

All costs and expenses shall be determined in accordance with generally accepted real property management practices consistently applied (with accruals appropriate to Landlord's business).

(E) "**Expense Year**" shall mean each twelve (12) consecutive month period commencing January 1, 2007.

(2) **Payment of Real Estate Taxes:** With reasonable promptness after Landlord has received the tax bills for any Tax Year, Landlord shall furnish Tenant with a statement which shall include a copy of the tax bill (herein called "Landlord's Tax Statement") setting forth the amount of Real Estate Taxes for such Tax Year, and Tenant's Share thereof. Unless otherwise required in Paragraph 3(c)(4) below, Tenant shall pay, subject to Tenant's dispute rights in Paragraph 3(c)(1)(C), to Landlord Tenant's Share of actual Real Estate Taxes no later than thirty (30) days after billing by Landlord. In no event shall Landlord recapture more than 100% of the actual taxes.

(3) **Payment of Expenses:** Commencing on the Commencement Date (or upon the date upon which Tenant commences the operation of its business at the Premises if Landlord delivers early occupancy of the Premises pursuant to the provisions of Paragraph 2(b) above and Tenant so commences the operation of its business at the Premises prior to the Commencement Date), unless otherwise provided for in Paragraph 3(a), Tenant shall pay to Landlord as Additional Charges one-twelfth (1/12th) of Tenant's Share of Expenses for each Expense Year on or before the first day of each month of such Expense Year, in advance, in an amount reasonably estimated by Landlord and billed by Landlord to Tenant, and Landlord shall have the right initially to determine monthly estimates and to revise such estimates from time to time, but in no event more than twice each calendar year. As promptly as possible in the circumstances after the expiration of each Expense Year,

Landlord shall furnish Tenant with a statement (herein called "Landlord's Expense Statement"), setting forth in reasonable detail the Expenses for such Expense Year and Tenant's Share thereof. If Tenant's Share of the actual Expenses for such Expense Year exceed the estimated Expenses paid by Tenant for such Expense Year, Tenant shall pay to Landlord, subject to Tenant's dispute rights in Paragraph 3(c)(1)(D), the difference between the amount paid by Tenant and Tenant's Share of the actual Expenses within thirty (30) days after the receipt of Landlord's Expense Statement, and if the total amount paid by Tenant for any such Expense Year shall exceed Tenant's Share of the actual Expenses for such Expense Year, such excess (together with interest on such excess if Landlord's Expense Statement is delivered later than ninety (90) days after the end of the Expense Year, at the Interest Rate from the date which is ninety (90) days after the end of the Expense Year until such excess has been credited or returned in full) shall be credited against the next installment(s) of Rent due from Tenant to Landlord hereunder or if the Term has ended it shall be returned to Tenant within thirty (30) days. Any utility rebates for the Project which Landlord receives for payments made by Tenant (as part of Tenant's Share of Expenses) shall be forwarded to Tenant so long as such rebate is received within two years following the Expiration Date or sooner termination of the Lease. If it has been determined that Tenant has overpaid Expenses during the last year of the Lease Term (including rebates of utilities applicable to Tenant), then Landlord shall reimburse Tenant for such overage on or before the thirtieth (30th) day following the date on which Landlord makes such determination (together with interest on such overage if such determination is made later than ninety (90) days after the end of the Expense Year in which the Lease Term expires, at the Interest Rate from the date which is ninety (90) days after the end of such Expense Year until such overage has been reimbursed in full). Any disputes pursuant to this Paragraph shall be settled pursuant to the arbitration provisions of this Lease.

(4) **Other:** To the extent any item of Real Estate Taxes or Expenses is payable by Landlord in advance of the period to which it is applicable due to (i) a requirement by Landlord's lender for an escrow account (i.e. insurance and tax escrows required by Landlord's Lender), or (ii) because prepayment to the third party billing authority is customary for the service or matter (e.g. insurance or taxes), Landlord may (i) include such items in Landlord's estimate for periods prior to the date such item is to be paid by Landlord and (ii) to the extent Landlord has not collected the full amount of such item prior to the date such item is to be paid by Landlord, Landlord may include the balance of such full amount in a revised monthly estimate for Additional Charges. If the Commencement Date (or the date upon which Tenant commences the operation of its business at the Premises if Landlord delivers early occupancy of the Premises pursuant to the provisions of Paragraph 2(b) above and Tenant so commences the operation of its business at the Premises prior to the Commencement Date) or Expiration Date shall occur on a date other than the first day of a Tax Year and/or Expense Year, Tenant's Share of Real Estate Taxes and Expenses, for the Tax Year and/or Expense Year in which the Commencement Date (or the date upon which Tenant commences the operation of its business at the Premises if Landlord delivers early occupancy of the Premises pursuant to the provisions of Paragraph 2(b) above and Tenant so commences the operation of its business at the Premises prior to the Commencement Date) occurs shall be prorated.

(5) **Audit:** Within one hundred eighty (180) days after receipt of any Expense Statement or Tax Statement from Landlord, Tenant shall have the right to examine Landlord's books and records relating to such Expense Statements and Tax Statements. In making such examination, Tenant agrees, and shall cause its agents and employees conducting the examination to agree in writing, to keep confidential any and all information contained in such books and records, save and except that Tenant may disclose such information to a trier of fact in the event of any dispute between Tenant and Landlord with regard to Additional Charges, provided that Tenant shall stipulate to such protective or other orders in the proceeding as may be reasonably required to preserve the confidentiality of such information. Such inspection may be made either by employees of Tenant or by an accounting firm or audit firm selected by Tenant which is accustomed to engaging in such activity and which is not compensated on a contingent fee basis. All of the information obtained through any such examination or audit and any compromise, settlement or adjustment reached between Landlord and Tenant relative to the results of such examination or audit shall be held in strict confidence by Tenant and any accounting or audit firm selected by Tenant, except for any reasonably necessary disclosure in any litigation or arbitrating proceeding between Landlord and Tenant with respect to such examination or audit, to Tenant's consultants, or as may be required by applicable Laws. If Tenant determines, based on such audit, that Tenant believes that it has overpaid Expenses or Real Estate Taxes for the year covered by the applicable Expense Statement or Tax Statement, Tenant shall notify Landlord of its dispute within two hundred ten (210) days after the date the applicable Expense Statement or Tax Statement was received by Tenant. All of the information obtained through any such examination or audit and any compromise, settlement or adjustment reached between Landlord and Tenant relative to the results of such examination or audit

shall be held in strict confidence by the Tenant and by any accounting or audit firm engaged by Tenant to perform such examination or audit, except for any reasonably necessary disclosure in any litigation or arbitration between Landlord and Tenant regarding such examination or audit, to Tenant's consultants, or as may be required by applicable Laws. Following Tenant's notice of dispute to Landlord, Landlord and Tenant shall, for a period of thirty (30) days thereafter, attempt to resolve the dispute. If the parties are unable to resolve the dispute within such thirty (30) day period, the dispute shall be resolved by arbitration as provided in Paragraph 40 of this Lease. If Tenant prevails in any such arbitration proceeding, then Landlord shall promptly reimburse Tenant for such overage, and if such overage exceeds four percent (4%) of the actual amount of Expenses or Real Estate Taxes paid by Landlord for the Tax or Expense Year covered by such audit, then Landlord shall bear the cost of such audit, up to a maximum cost of \$5,000 and repay the overage with interest at the Interest Rate. Additionally, if Tenant prevails in such arbitration, then Tenant shall have the right to audit the same expense or tax items during the previous three (3) years by giving to Landlord a written notice evidencing Tenant's election to exercise said right within fifteen (15) days after Tenant prevailed in the arbitration. Said audit shall be conducted pursuant to the provisions of this Paragraph. If Tenant fails to object to any such Expense Statement or Tax Statement or request an independent audit thereof within such one hundred and eighty (180) day period, such Expense Statement and/or Tax Statement shall be final and shall not be subject to any audit, challenge or adjustment.

(d) **Late Charges.** Tenant recognizes that late payment of any Base Rent or Additional Charges will result in administrative expenses to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if any Base Rent or Additional Charges remain unpaid three (3) days after the date of written notice from Landlord, the amount of such unpaid Base Rent or Additional Charges shall be increased by a late charge to be paid to Landlord by Tenant, as an Additional Charge, in an amount equal to five percent (5%) (or such greater amount not to exceed six percent (6%) as may be charged by any Mortgagee for a late payment of a monthly mortgage payment) of the amount of the delinquent Base Rent or Additional Charges. In addition, any outstanding Base Rent, Additional Charges, late charges and other outstanding amounts shall accrue interest at an annualized rate of the greater of 10% or the "prime", "base", "index" or "reference" rate of Bank of America NT&SA reported in the Wall Street Journal as published on the last day of said five (5) business day period plus two percent (2%), but in no event greater than the maximum rate allowed by law (the "Default Rate"), until paid to Landlord; provided, however, that in the event that Bank of America NT&SA shall cease to establish or publish a "prime", "base", "index" or "reference" rate, whether so denominated or otherwise named, the Default Rate shall be determined with reference to the average of the "prime", "base", "index" or "reference" rate of Citibank N.A. and The Chase Manhattan Bank, N.A. (in the event either such banking institution publishes more than one such rate, the rate used shall be the highest amount so published by such banking institution) as reported in the Wall Street Journal. Notwithstanding the foregoing, Landlord shall not be required to provide such notice more than two (2) times during any two (2) year period during the Term, the late charge accruing with respect to the third such non-payment from the date which is three (3) days after the due date of such amount without the requirement of notice from Landlord. Tenant agrees that such amount is a reasonable estimate of the loss and expense to be suffered by Landlord as a result of such late payment by Tenant and may be charged by Landlord to defray such loss and expense. The provisions of this Paragraph 3(d) shall not relieve Tenant of the obligation to pay Base Rent or Additional Charges on or before the date on which they are due, or in any way affect Landlord's remedies pursuant to Paragraph 19 [Landlord's Remedies] if any Base Rent or Additional Charges are unpaid after they are due.

(e) **Additional Rent.** All sums payable by Tenant hereunder other than Base Rent or Additional Charges shall be payable as, and are collectively referred to herein as, "Additional Rent."

4. RESTRICTIONS ON USE. Tenant shall not do or permit anything to be done in or about the Premises which will obstruct or interfere with the rights of other tenants or occupants of the Building or the Project or injure or unreasonably annoy them, nor use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause or maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer the commission of any waste in, on or about the Premises. Said restrictions shall apply equally to all tenants or occupants of the Building and the Project.

5. **COMPLIANCE WITH LAWS.** 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. 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 Project or any of its contents (unless Tenant agrees to pay for such increase) or cause a cancellation of such insurance, 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, to the extent required because of (i) Tenant's unique use of the Premises, (ii) alterations or improvements made by or for Tenant, or (iii) Tenant's negligence or willful misconduct. The foregoing restrictions and obligations shall apply equally to all tenants or occupants of the Building. The provisions this Paragraph 5 shall in no way limit Tenant's obligation to pay Expenses as noted in Paragraph 3 of the Lease. The judgment of any court of competent jurisdiction or the admission of Tenant in an action against Tenant, whether Landlord be a party thereto or not, that Tenant has so violated any such law, statute, ordinance, rule, regulation or requirement, shall be conclusive of such violation as between Landlord and Tenant. Landlord represents and warrants to Tenant that those portions of the Building which were designed and built by Landlord shall comply with all applicable laws, rules, regulations, ordinances, building codes, and orders of any public authority, including without limitation those related to Hazardous Substances (as defined below) which are in effect on the Commencement Date.

6. **ADDITIONAL ALTERATIONS.** Tenant shall be entitled to make alterations ("Minor Alterations") without Landlord's consent so long as such alterations do not violate any of the four conditions set forth below (in the definition of Major Alterations) and do not exceed a cost of \$10,000 in any calendar year. Tenant shall not make or suffer to be made any additional alterations, additions or improvements, that exceed the dollar limitations set forth above or (i) materially affect the structure of the Building or its electrical, plumbing, HVAC or other systems, (ii) are visible from the exterior of the Premises, (iii) are not consistent with Tenant's permitted use hereunder, or (iv) are not commonly considered typical for customary office use and/or research and development use ("Major Alterations") without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Failure of Landlord to give its disapproval within fifteen (15) calendar days after receipt of Tenant's written request for approval shall constitute approval by Landlord. Any alterations (whether Major Alterations or Minor Alterations) in, on or to the Premises, except for Tenant's movable furniture and equipment, shall be the property of Tenant during the Term and shall become Landlord's property at the end of the Term without compensation to Tenant. All Minor Alterations shall be made by Tenant, at Tenant's sole cost and expense, and, in the event Landlord consents to any Major Alterations, such Major Alterations shall be made by Tenant at Tenant's sole expense, in accordance with plans and specifications reasonably approved by Landlord, and any contractor or person selected by Tenant to make the same must first be reasonably approved in writing by Landlord. Upon the expiration or sooner termination of the Term, Tenant shall upon demand by Landlord, at Landlord's election either (i) at Tenant's sole cost and expense, forthwith and with all due diligence remove any Major Alterations made by or for the account of Tenant, designated by Landlord to be removed (provided, however, that upon the written request of Tenant prior to installation of such Major Alterations, Landlord shall advise Tenant at that time whether or not such Major Alterations must be removed upon the expiration or sooner termination of this Lease), and restore the Premises to its original condition as of the Commencement Date, subject to normal wear and tear and the rights and obligations of Tenant concerning casualty damage pursuant to Paragraph 20 or (ii) pay Landlord the reasonable estimated cost thereof.

7. **REPAIR AND MAINTENANCE.**

(a) Landlord shall be responsible for the following repair and maintenance obligations: (i) maintenance and repair of the exterior (including glass), structural portions of the Building, roof structure (including membrane) and concrete slabs; (ii) repairs and maintenance of the Building systems for electrical, mechanical, HVAC serving the Premises or plumbing and all controls appurtenant thereto; and (iii) parking areas, courtyards, sidewalks, entry ways, lawns, landscaping and other similar facilities of the Project. In emergency situations, Tenant shall have the authority to contact directly any vendors approved by Landlord and order repairs. In the event of a dispute between Landlord and Tenant concerning which party should pay for the cost of said repairs and maintenance, the dispute shall be resolved by arbitration pursuant to Paragraph 40 of this Lease.

(b) Tenant shall maintain and repair the interior portion of the Premises and any improvements serving only the Premises, such as security systems, and any additional tenant improvements, alterations or additions installed by or on behalf of Tenant within the Premises, however, excluding any portions thereof which are structural in nature or which are the obligation of Landlord under Paragraph 7(a). Tenant shall be responsible for the expense of installation, operation, and maintenance of its telephone and other communications cabling from the point of entry into the Building to the Premises and throughout the Premises. Tenant hereby waives and releases its right 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. In addition, Tenant hereby waives and releases its 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. If Tenant fails after thirty (30) days' written notice by Landlord to proceed with due diligence to make repairs required to be made by Tenant, the same may be made by Landlord at the expense of Tenant and the reasonable expenses thereof incurred by Landlord shall be reimbursed immediately as Additional Rent within thirty (30) days after submission of a bill or statement therefor; provided, however, that in the event of non-emergency repairs, Tenant shall have the right to notify Landlord, in writing, within ten (10) business days of its receipt of Landlord's written notice that Tenant disputes that said repairs should be made by Tenant. If Tenant provides such written notice to Landlord, Landlord and Tenant shall, for a period of twenty (20) days thereafter, attempt to resolve the dispute. If the parties are unable to resolve the dispute within such twenty (20) day period, the dispute shall be resolved by arbitration pursuant to Paragraph 40. Landlord shall not undertake any non-emergency repairs until the dispute is resolved. In the event that Landlord undertakes any emergency repairs, Tenant shall have the right to notify Landlord, in writing, within ten (10) business days of the date Tenant learns of the emergency repairs, that Tenant disputes the need for such repairs or that the costs thereof are Landlord's responsibility under this Lease. If Tenant notifies Landlord of such dispute, Landlord and Tenant shall then for a period of twenty (20) days thereafter, attempt to resolve the dispute. If the parties are unable to resolve the dispute within such twenty (20) day period, the dispute shall be resolved by arbitration pursuant to Paragraph 40.

(c) The purpose of Paragraphs 7(a) and 7(b) is to define the obligations of Landlord and Tenant to perform various repair and maintenance functions; the allocation of the costs therefor are covered under this Paragraph 7(c) and Paragraph 3. Tenant shall bear the full cost of repairs or maintenance interior or exterior, structural or otherwise, to preserve the Premises and the Building in good working order and condition, arising out of (i) the performance or existence of any alteration or modification to the Premises made by Tenant; (ii) the installation, use or operation of Tenant's property or fixtures; (iii) the moving of Tenant's property or fixtures in or out of the Building or in and about the Premises; or (iv) except to the extent any claims arising from any of the foregoing are reimbursed by insurance carried by Landlord (or would have been reimbursed by Landlord's insurance required to be carried under this Lease had Landlord maintained the insurance required pursuant to Paragraph 10(f) of this Lease), are covered by the waiver of subrogation in Paragraph 11 or are otherwise provided for in Paragraph 20, the acts, omissions or negligence of Tenant, or any of its servants, employees, contractors, agents, visitors, or licensees, or the particular use or particular occupancy or manner of use or occupancy of the Premises by Tenant or any such person.

(d) Except to the extent any claims arising from any of the foregoing are reimbursed by insurance carried by Landlord, are covered by the waiver of subrogation in Paragraph 11 or are otherwise provided for in Paragraphs 20 and 21, there shall be no abatement of Rent with respect to, and except for Landlord's gross negligence or willful misconduct, Landlord shall not be liable for any injury to or interference with Tenant's business arising from, any repairs, maintenance, alteration or improvement in or to any portion of the Building, including the Premises, or in or to the fixtures, appurtenances and equipment therein.

8. **LIENS.** Tenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by Tenant. In the event that Tenant shall not, within twenty (20) days following the earlier of (i) the date that Tenant actually learns of the imposition of any such lien or (ii) the date Tenant receives written notice of such lien from Landlord, cause the 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 the 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 shall be considered Additional Rent and shall be payable to it by Tenant on demand with interest at the Interest Rate. Landlord shall have the right at all times to post and keep posted on the Premises any

notices permitted or required by law, or which Landlord shall deem proper, for the protection of Landlord, the Premises, the Building and any other party having an interest therein, from mechanics' and materialmen's liens, and Tenant shall give notice to Landlord at five(5) business days' prior notice of commencement of any construction on the Premises.

9. ASSIGNMENT AND SUBLETTING.

(a) Except as otherwise provided in this Paragraph 9, 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 the Premises or Tenant's leasehold estate hereunder (collectively, "Assignment"), or permit the Premises to be occupied by anyone other than Tenant or sublet the Premises (collectively, "Sublease") or any portion thereof without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld or delayed by Landlord. Without otherwise limiting the criteria upon which Landlord may withhold its consent to any proposed Sublease or Assignment, if Landlord withholds its consent where either (i) the creditworthiness of the proposed Sublessee or Assignee is not reasonably acceptable to Landlord (e.g. there does not exist reasonable evidence that Sublessee or Assignee can pay the rent to be charged to Sublessee or Assignee) or, (ii) the proposed Sublessee's or Assignee's use of the Premises is not in compliance with the allowed Tenant's Use of the Premises as described in the Basic Lease Information, such withholding of consent shall be presumptively reasonable. If Landlord consents to the Sublease or Assignment, Tenant may thereafter enter into a valid Sublease or Assignment upon the terms and conditions set forth in this Paragraph 9.

(b) 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 (i) the name of the proposed assignee, subtenant or occupant; (ii) the name of the proposed assignee's, subtenant, or occupant's business to be carried on in the Premises; (iii) the terms and provisions of the proposed Assignment or Sublease; (iv) in the case of a Sublease, the arrangements which will exist for the establishment as Common Area of such portions of the Premises as may be necessary for ingress, egress, use of bathrooms, stairs and elevators, and similar rights of the proposed subtenant which will be necessary for the use and enjoyment of the subleased premises and the compliance thereof will all applicable laws, and (v) such financial information as Landlord may reasonably request concerning the proposed assignee, subtenant or occupant.

(c) At any time within ten (10) business days after Landlord's receipt of the notice specified in Paragraph 9(b), Landlord may by written notice to Tenant elect to (i) terminate this Lease as to the portion of the Premises that is specified in Tenant's notice (so long as (A) the term of sublease (including any rights on the part of the sublessee to extend or renew such term) as to the portion of the Premises involved will expire on or after the date which is six (6) months before the expiration of the Term, or (B) the named Tenant herein, any Transfer Entity (defined below) which who becomes an Assignee through a Permitted Transfer (defined below), and any Affiliates thereof will not collectively occupy, after vacating the portion of the Premises which specified in Tenant's notice, at least 5,000 useable square feet of the Building pursuant to this Lease), with a proportionate abatement in Rent and Additional Charges, and Tenant will cooperate in the establishment of the "common areas" described in Tenant's notice to Landlord; (ii) consent to the Sublease or Assignment, which consent shall not be unreasonably withheld, conditioned or delayed; or (iii) disapprove the Sublease or Assignment setting forth the specific reasons therefor. Notwithstanding anything in this Paragraph 9(c) to the contrary, Landlord shall not have the rights set forth in (i), (ii) and (iii) of this Paragraph 9(c) if the sublease is to an "Affiliate" (hereinafter defined) or if the sublease or assignment is made in connection with a "Permitted Transfer" (hereinafter defined). In the event Landlord elects the options set forth in clause (i) above, with respect to a portion of the Premises, Tenant shall at all times provide reasonable and appropriate access to such portion of the Premises and use of any common facilities, and Landlord shall have the right to use or relet such portion of the Premises for any legal purpose in its sole discretion. If Landlord consents to the Sublease or Assignment within said ten (10) business day period, Tenant may thereafter within three hundred and sixty five (365) days after Landlord's consent, but not later than the expiration of said three hundred and sixty five (365) days, enter into such Assignment or Sublease of the Premises or portion thereof upon the terms and conditions set forth in the notice furnished by Tenant to Landlord pursuant to Paragraph 9(b). Failure by Landlord to either consent or refuse such consent to a proposed assignment, encumbrance or sublease within the ten (10) business day time period specified above shall be deemed to be Landlord's consent thereto. If Landlord has the right of recapture as described in clause (i) above in this Paragraph 9(c) but does not exercise such right, profits from sublease or assignment shall be divided, and paid by the sublessee or assignee, fifty percent (50%) to Landlord

and fifty percent (50%) to Tenant, after deducting reasonable costs specifically related to the sublease of the Premises, including brokerage costs, reasonable legal fees and tenant improvements, all to be amortized over the term of the sublease. Sublease profits are defined as the excess of the total rent paid by the subtenant (including operating cost reimbursements) over the total rent paid by Tenant to Landlord (including taxes, insurance and operating expenses) for the prorata area of the space subleased.

(d) No consent by Landlord to any Assignment or Sublease 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 Assignment or Sublease that is not in compliance with this Paragraph 9 shall be void and, at the option of Landlord, shall constitute a material default by Tenant under this Lease. The acceptance of Rent, Additional Charges or Additional Rent by Landlord from a proposed assignee or sublessee shall not constitute the consent to such Assignment or Sublease by Landlord.

(e) The following shall be deemed a voluntary assignment of Tenant's interest in this Lease: (i) any dissolution, merger, consolidation, or other reorganization of Tenant; and (ii) if the capital stock of Tenant is not publicly traded, the sale or transfer to one person or entity stock possessing more than fifty percent (50%) of the total combined voting power of all classes of Tenant's stock issued, outstanding and entitled to vote for the election of directors. Notwithstanding anything to the contrary contained in this Paragraph 9, Tenant may enter into any of the following transfers (a "Permitted Transfer") without Landlord's prior written consent and without being subject to Landlord's termination or rent sharing rights provided in Paragraph 9(c) above: (1) Tenant may assign its interest in the Lease to a corporation, partnership, professional corporation, limited liability company, or limited liability partnership ("Transfer Entity") which results from a merger, consolidation or other reorganization, so long as the Transfer Entity has a net worth immediately following such transaction that is equal to or greater than the net worth of Tenant both as of the date of this Lease and as of the date immediately prior to such transaction; and (2) Tenant may assign this Lease to a Transfer Entity which purchases or otherwise acquires all or substantially all of the assets of Tenant, so long as such acquiring Transfer Entity has a net worth immediately following such transaction that is equal to or greater than the net worth of Tenant as of the date immediately prior to such transaction.

(f) Each assignee, sublessee or other transferee shall assume, as provided in this Paragraph 9(f), all obligations of Tenant under this Lease and shall be and remain liable jointly and severally with Tenant for the payment of Rent, Additional Charges and Additional Rent, and for the performance of all the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed for the Term; provided, however, that the assignee, sublessee, mortgagee, pledgee or other transferee shall be liable to Landlord for rent only in the amount set forth in the Assignment or Sublease and shall only be required to perform those obligations under the Lease to the extent that they relate to the portion of the Premises subleased or interest in the Lease assigned. No Assignment shall be binding on Landlord 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 the assignee satisfactory in substance and form to Landlord, consistent with the requirements of this Paragraph 9(f), but the failure or refusal of the assignee to execute such instrument of assumption shall not release or discharge the assignee from its liability as set forth above.

(g) Any other provision of this Paragraph 9 to the contrary notwithstanding, Tenant shall have the right, without Landlord's consent but upon written notice to Landlord given at least ten (10) days prior thereto and without being subject to Landlord's termination or rent sharing rights provided in Paragraph 9(c) above, to assign Tenant's interest in the lease or sublease of all or any portion the Premises to an Affiliate (defined below) provided that (i) the Affiliate delivers to the Landlord concurrent with such Assignment a written notice of the Assignment and an assumption agreement whereby the Affiliate assumes and agrees to perform, observe and abide by the terms, conditions, obligations, and provisions of this lease, and (ii) the entity remains an Affiliate at all times during the Term. No subletting or assignment by Tenant made pursuant to this Paragraph 9(g) shall relieve Tenant of Tenant's obligations under this Lease. As used herein, the term "Affiliate" shall mean and collectively refer to a corporation or other entity which controls, is controlled by or is under common control with Tenant, by means of an ownership of either (i) more than fifty percent (50%) of the outstanding voting shares of stock or (ii) stock, partnership, membership or other ownership interests which provide the right to control the operations, transactions and activities of the applicable entity.

10. INSURANCE AND INDEMNIFICATION.

(a) Landlord shall indemnify and hold Tenant harmless from and against (i) any and all claims or liability for any injury or damage to any person or property including any reasonable attorney's fees (but excluding any consequential damages or loss of business in all circumstances except where such claims or liability are caused by the willful misconduct of Landlord) occurring in, on, or about the Project to the extent such injury or damage is caused by the negligence or willful misconduct of Landlord, its agents, servants, contractors, employees (collectively, including Landlord, "Landlord Parties") and (ii) any and all claims, losses, or liabilities, including damage to Tenant's property fees (but excluding any consequential damages or loss of business) arising from any breach of this Lease by Landlord.

(b) Landlord shall not be liable to Tenant, and Tenant hereby waives all claims against Landlord Parties for any injury or damage to any person or property in or about the Premises by or from any cause whatsoever (other than the negligence or willful misconduct of Landlord Parties, including Landlord's negligence or willful misconduct as related to construction or property management), and without limiting the generality of the foregoing, whether caused by water leakage of any character from the roof, walls, or other portion of the Premises or the Building, or caused by gas, fire, oil, electricity, or any cause whatsoever, in, on, or about the Premises, the Building or any part thereof (other than that caused by the negligence or willful misconduct of Landlord Parties). Tenant acknowledges that any casualty insurance carried by Landlord will not cover loss of income to Tenant or damage to the alterations in the Premises installed by Tenant or Tenant's personal property located within the Premises. Tenant shall be required to maintain the insurance described in Paragraph 10(d) during the Term. In the event of a discrepancy between the terms of this paragraph and the terms of Paragraph 39 of the Lease concerning Hazardous Substance liability, the latter shall control. Nothing in this Paragraph 10(b) is intended to nor shall it be deemed to override the provisions of Paragraph 11.

(c) Except to the extent caused by the negligence or willful misconduct of Landlord Parties, Tenant shall indemnify and hold Landlord harmless from and defend Landlord against any and all claims or liability for any injury or damage to any person or property whatsoever: (i) occurring in or on the Premises; (ii) occurring in, on, or about any other portion of the Project to the extent such injury or damage shall be caused by the negligence or willful misconduct by Tenant, its agents, servants, employees, or invitees (collectively, including Tenant, "Tenant Parties"), or (iii) arising from any breach of this Lease by Tenant. Tenant further agrees to indemnify and hold Landlord harmless from, and defend Landlord against, any and all claims, losses, or liabilities (including damage to Landlord's property) arising from (x) any breach of this Lease by Tenant and/or (y) the conduct of any work or business of Tenant Parties in or about the Project, including, but not limited to any release, discharge, storage or use of any hazardous substance, hazardous waste, toxic substance, oil, explosives, asbestos, or similar material. In the event of a discrepancy between the terms of this Paragraph and the terms of Paragraph 39 of the Lease concerning Hazardous Substance liability, the latter shall control. Nothing in this Paragraph 10(c) is intended to nor shall it be deemed to override the provisions of Paragraph 11.

(d) Tenant shall procure at its cost and expense and keep in effect during the Term the following insurance:

(1) commercial general liability insurance including contractual liability with a minimum combined single limit of liability of Three Million Dollars (\$3,000,000). Such insurance shall name Landlord as an additional insured, shall specifically include the liability assumed hereunder by Tenant, and is intended to be primary insurance, and not excess over or contributory with any other valid, existing, and applicable insurance in force for or on behalf of Landlord, and shall provide that Landlord shall receive thirty (30) days' written notice from the insurer prior to any cancellation or change of coverage;

(2) "all risk" property insurance (including, without limitation, boiler and machinery (if applicable); sprinkler damage, vandalism and malicious mischief) on any Alterations installed in the Premises by or on behalf of Tenant all leasehold improvements installed in the Premises by Tenant at its expense, and all of Tenant's personal property, such insurance to include a building ordinance provision (as to those Alterations for which such a provision will apply). Such insurance shall be an amount equal to full replacement cost of the aggregate of the foregoing and shall provide coverage comparable to the coverage in the standard ISO All Risk form, when such form is supplemented with the coverages required above, and shall name Landlord as a loss payee;

(3) worker's compensation insurance; and

(4) such other insurance as may be required by the law.

All insurance policies required under this Paragraph 10(d) shall be issued by carriers each with a Best's Insurance Reports policy holder's rating of not less than A and a financial size category, of not less than Class VIII. Tenant shall deliver policies of such insurance or certificates thereof to Landlord on or before the Commencement Date, and thereafter at any time and from time-to-time within ten (10) business days after written request from Landlord. In the event Tenant shall fail to procure and keep such insurance in full force and effect during the Term, or to deliver such policies or certificates within said time frame, Landlord may, at its option, procure same for the account of Tenant, and the cost thereof shall be paid to Landlord as Additional Rent within five (5) business days after delivery to Tenant of bills therefor.

(e) The provisions of this Paragraph 10 shall survive the expiration or termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

(f) Landlord shall maintain insurance on the Project against fire and risks covered by "all risk" (excluding earthquake and flood, though Landlord, at its option, may include this coverage provided it can be obtained at commercially reasonable rates) on a 100% of "replacement cost" basis (though reasonable deductibles may be included under such coverage). Landlord's insurance: (i) shall cover the Building; (ii) not cover any Alterations installed in the Premises by or on behalf of Tenant; (iii) shall have a building ordinance provision; and (iv) shall provide for rental interruption insurance covering a period of twelve (12) full months. In no event shall Landlord agree to any co-insurance obligations under any such policies (beyond standard deductibles). Landlord shall also maintain commercial general liability insurance including, without limitation, contractual liability coverage (or with contractual liability endorsement) on an occurrence basis in amounts not less than Three Million Dollars (\$3,000,000) per occurrence with respect to bodily injury or death and property damage. Notwithstanding the foregoing obligations of Landlord to carry insurance, Landlord may modify the foregoing coverages if and to the extent it is commercially reasonable to do so. If Tenant disagrees that such coverage is commercially reasonable or believes it is not necessary, then Tenant shall have the right to submit such matter to arbitration. In the event, however, that Tenant prevails in said arbitration and deductibles are increased, then Tenant shall be fully responsible for covering such increased deductibles in the event of casualty.

11. WAIVER OF CLAIMS AND SUBROGATION. Notwithstanding anything to the contrary in this Lease, to the extent that this waiver does not invalidate or impair their respective insurance policies, the parties hereto release each other and their respective agents, employees, successors, assignees and subtenants from all liability for injury to any person or damage to any property that is caused by or results from a risk (i) which is actually insured against, to the extent of receipt of payment under such policy (unless the failure to receive payment under any such policy results from a failure of the insured party to comply with or observe the terms and conditions of the insurance policy covering such liability, in which event, such release shall not be so limited), (ii) which is required to be insured against under this Lease, or (iii) which would normally be covered by the standard form of "all risk-extended coverage" property and casualty insurance, without regard to the negligence or willful misconduct of the entity so released. Landlord and Tenant shall each obtain from their respective insurers under all policies of fire, theft, and other property insurance maintained by either of them at any time during the Term insuring or covering the Project or any portion thereof of its contents therein, a waiver of all rights of subrogation which the insurer of one party might otherwise, if at all, have against the other party, and Landlord and Tenant shall each indemnify the other against any loss or expense, including reasonable attorneys' fees, resulting from the failure to obtain such waiver.

12. SERVICES AND UTILITIES.

(a) Subject to the provisions elsewhere herein contained and to the Rules And Regulations, Tenant shall be responsible for arranging for, and direct payment of the cost of recycling, janitorial, security, transportation management and mitigation programs, telephone, cable and digital services, and any garbage pickup, water, electricity, gas, or other utilities or services which are used by or serve exclusively Tenant (i.e., utilities which are separately metered to the Premises or a portion thereof); and, Landlord shall cooperate with Tenant's efforts to arrange such services. In addition, Landlord shall be obligated to provide HVAC service to the Building, including

the Premises, and to provide storm sewer and drainage services for the Project, pursuant to the terms of EXHIBIT "B". Tenant agrees at all times to cooperate fully with Landlord and to abide by all the reasonable regulations and requirements which Landlord may prescribe for the proper functioning and protection of the heating, ventilating and air conditioning system.

(b) Landlord shall, subject to the provisions elsewhere herein contained and to the Rules And Regulations, be responsible for arranging for (subject to Landlord's right to reimbursement pursuant to the provisions of Paragraph 3(c)) the following to be provided to the Common Area:

(1) Hot and cold water, electricity, central heat and air conditioning in season, at such temperatures and in such amounts as are considered by Landlord to be standard or as may be permitted or controlled by applicable laws, ordinances, rules and regulations;

(2) Routine maintenance and repairs; and

(3) Lamps, bulbs and ballasts.

(4) Additionally, Landlord shall, subject to the provisions elsewhere herein contained and to the Rules And Regulations, be responsible for arranging for (subject to Landlord's right to reimbursement pursuant to the provisions of Paragraph 3(c)) (i) utilities and services to be provided outside of the Building, and (ii) any garbage pickup, water, electricity, gas, or other utilities or services which are used by or serve both Tenant and one or more other tenants in the Building (i.e., utilities which are not separately metered to the Premises or a portion thereof).

(c) Unless such apparatus or device is included in Tenant's space plans approved by Landlord, Tenant will not without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, use any apparatus or device in the Premises which, when used, puts an excessive load (i.e., materially beyond the designed building load) on the Building or its structure or systems, including, without limitation, electronic data processing machines and other machines using excess lighting or voltage in excess of the amount for which the Building is designed without providing the necessary (in Landlord's reasonable discretion) alteration necessary for the safe and adequate operation of said apparatus or device.

(d) If, in Landlord's reasonable opinion, Tenant's use of any utility or service provide by Landlord to the Building is in excess of the customary usage by a tenant using similar office space in the Mountain View area for similar uses as the Permitted Uses (including without limitation uses occurring if other than Business Hours), Tenant shall pay Landlord the cost of providing such additional utility or service, together with all costs incurred by Landlord in determining the charges to be paid by Tenant, within ten (10) days following presentation of an invoice therefor by Landlord to Tenant. The cost chargeable to Tenant for all extra utilities and/or services shall constitute Additional Rent.

(e) The HVAC system for the first floor shall automatically run Monday through Friday from 7:00 a.m. to 6:00 p.m. ("Business Hours"). Tenant shall have an after-hours switch to activate the HVAC system on the first floor of the Building during non-Business Hours. The cost of non-Business Hour operation of the HVAC system shall be borne by Tenant at Landlord's direct cost with no mark-up from Landlord. In addition, Landlord shall reasonably allocate the variable expenses for services and utilities provided by Landlord in the Building (e.g. utilities, HVAC) among the tenants in the Building depending on their actual usage and shall use reasonable efforts to allocate after-hours charges if multiple tenants are using the system concurrently on a predictable and consistent basis.

(f) Landlord shall not be in default hereunder, nor be deemed to have evicted Tenant, nor be liable for any damages directly or indirectly resulting from, nor shall the rental herein reserved be abated by reason of (i) the installation, use or interruption of use of any equipment in connection with the foregoing utilities and services; (ii) failure to furnish or delay in furnishing any services to be provided by Landlord 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 (any of the foregoing, "Force Majeure"), or by the making of

repairs or improvements to the Premises or to the Building; or (iii) 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. The foregoing shall not, however, be deemed to limit Landlord's liability for any of the acts or events described in the immediately preceding sentence which result from or are caused by Landlord's gross negligence or willful misconduct. 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 resources consumption.

13. **TENANT'S CERTIFICATES.** Tenant shall, at any time and from time to time, within ten (10) business days from receipt of written notice from Landlord, execute estoppel certificates addressed to (i) any Mortgagee or prospective Mortgagee of Landlord, (ii) any purchaser or prospective purchaser of all or any portion of, or interest in, the Project, or (iii) any party acquiring an interest in Landlord, on a form specified by Landlord, certifying as to such facts (if true) and agreeing to such notice provisions and other matters as such Mortgagee(s) or purchaser(s) may reasonably require; provided, however, that in no event shall any such estoppel certificate require an amendment of the provisions hereof. It is intended that any such certificate of Tenant delivered pursuant to this Paragraph 13 may be relied upon by Landlord and any Mortgagee or purchaser, or prospective Mortgagee or purchaser. If requested by Tenant, Landlord shall provide Tenant with a similar certificate.

14. **HOLDING OVER.** 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 one hundred twenty-five percent (125%) of the Rent herein specified 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 re-enter the Premises as provided in Paragraph 19.

15. **SUBORDINATION.** Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to: (i) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Building or the land upon which the Building is situated or both; and (ii) the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Building, land, 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. Tenant covenants and agrees to execute and deliver upon demand by Landlord any additional documents, in commercially reasonable form, evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases or the lien of any such mortgage or deed of trust. Tenant shall execute, deliver and record any such documents within twenty (20) days after Landlord's written request, provided such documents are reasonably acceptable to Tenant.

16. **RULES AND REGULATIONS.** Tenant shall faithfully observe and comply with the rules and regulations attached to this Lease as EXHIBIT "C" and all reasonable, non-discriminatory modifications thereof and additions thereto from time to time put into effect by Landlord. Landlord shall not be responsible for the nonperformance by any other Tenant or occupant of the Building or the Project of any said rules and regulations. Subject to reasonable exclusions, Landlord shall apply the Rules and Regulations to all tenants in the Building in a non-discriminatory manner. In the event of an express and direct conflict between the terms, covenants, agreements and conditions of this Lease and those set forth in the rules and regulations, as modified and amended from time to time by Landlord, this Lease shall control.

17. **RE-ENTRY BY LANDLORD.** Landlord reserves and shall at all reasonable times, upon reasonable prior notice (twenty-four (24) hours), except in the case of an emergency, and subject to Tenant's reasonable security precautions and the right of Tenant to accompany Landlord at all times, have the right to re-enter the Premises to inspect the same, to supply janitor service and any other service to be provided by Landlord to Tenant hereunder (unless Tenant is supplying such service), to show the Premises to prospective purchasers, mortgagees or tenants (as to prospective tenants, only during the last six (6) months of the Lease Term), to post

notices of non-responsibility or as otherwise required or allowed by this Lease or by law, and to alter, improve (in the case of to alter or improve the interior of the Premises, such entry shall only be in the event so required by laws or by Paragraph 7) or repair the Premises and any portion of the Building which Landlord is obligated to or has the right to alter, improve or repair pursuant to the terms of this Lease 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. Landlord shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance or other damage arising from Landlord's entry and acts pursuant to this Paragraph and Tenant shall not be entitled to an abatement or reduction of rent or Additional Charges if Landlord exercises any rights reserved in this Paragraph. 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, and any other loss occasioned thereby, except for Landlord's negligence or willful misconduct. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to un-lock all of the doors in, upon and about the Premises, excluding Tenant's vaults and safes, or special security areas (designated in advance), and Landlord shall have the right to use any and all means which 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 portion thereof obtained by Landlord by any of said means, or otherwise, shall not under any emergency circumstances 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 portions thereof. Landlord shall use best efforts during re-entry to not unreasonably interfere with Tenant's use of the Premises or its business conducted therein.

18. **INSOLVENCY OR BANKRUPTCY.** The appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or a general assignment of Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization or other debtor relief proceedings, whether now existing or hereafter amended or enacted, shall at Landlord's option constitute a breach of this Lease by Tenant unless a petition in bankruptcy, or receiver attachment, or other remedy pursued by a third party is discharged within ninety (90) days. Upon the happening of any such event or at any time thereafter, this Lease shall terminate five (5) days after written notice of termination from Landlord to Tenant. 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. **DEFAULT.**

(a) The failure to perform or honor any covenant, condition or representation made under this Lease shall constitute a "default" hereunder by Tenant upon expiration of the appropriate cure period hereinafter provided. Tenant shall have a period of three (3) business days from the date of written notice from Landlord (which notice shall be in lieu of and not in addition to the notice required by Section 1161 of the California Code of Civil Procedure) within which to cure any default in the payment of Rent, Additional Charges or Additional Rent. Tenant shall have a period of thirty (30) 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 Rent, Additional Charges or Additional Rent that cannot reasonably be cured within thirty (30) days, the default shall not be deemed to be uncured if Tenant commences to cure within thirty (30) days from Landlord's notice and continues to prosecute diligently the curing thereof. Upon an uncured default of this Lease by Tenant, Landlord shall have the following rights and remedies in addition to any other rights or remedies available to Landlord at law or in equity:

(1) The rights and remedies provided by California Civil Code, Section 1951.2, including but not limited to, recovery of the worth at the time of award of the amount by which the unpaid Rent, Additional Charges and Additional Rent 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;

(2) The rights and remedies provided by California Civil Code, Section 1951.4, that 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, Additional Charges and Additional Rent as they become due, for so long as Landlord does not terminate Tenant's right to possession; provided, however, if Landlord elects to exercise its

remedies described in this Paragraph 19(a)(2) and Landlord does not terminate this Lease, Tenant shall continue to have the right to Assign or Sublease in accordance with all of the provisions of Paragraph 9 of this Lease. 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 rights to possession;

(3) The right to terminate this Lease by giving notice to Tenant in accordance with applicable law;

(4) If Landlord elects to terminate this Lease, the right and power to enter the Premises and remove therefrom all persons and property and, to store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant pursuant to applicable California law.

(b) Landlord shall have a period of thirty (30) days from the date of written notice from Tenant within which to cure any default under this Lease; provided, however, that with respect to any default that cannot reasonably be cured within thirty (30) days, the default shall not be deemed to be uncured if Landlord commences to cure within thirty (30) days from Tenant's notice and continues to prosecute diligently the curing thereof. Tenant agrees to give any Mortgagee and/or Trust Deed Holders ("Mortgagee"), by Registered Mail, a copy of any Notice of Default served upon the Landlord, provided that prior to such notice Tenant has been notified in writing, (by way of Notice of Assignment of Rents and Leases, or otherwise) of the address of such Mortgagee. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the Mortgagee shall have an additional thirty (30) days (provided that Tenant notifies Mortgagee concurrently with Tenant's notice to Landlord at the beginning of Landlord's thirty (30) day period; otherwise Mortgagee shall have sixty days from the date on which it is noticed) within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary to cure such default shall be granted if within such applicable period Mortgagee has commenced and is diligently pursuing the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure), in which event the Lease shall not be terminated while such remedies are being so diligently pursued; provided, however, if such default causes a material interference with Tenant's use of and enjoyment of the Premises, such additional time for Mortgagee shall be limited to an additional thirty (30) days.

20. DAMAGE BY FIRE, ETC. If the Premises or the Building are damaged by fire or other casualty Landlord shall forthwith repair the same, provided that Tenant does not elect to terminate this Lease as provided for below and further provided that such repairs can be made within six (6) months after the date of such damage under the laws and regulations of the federal, state and local governmental authorities having jurisdiction thereof. The scope of the work which Landlord shall repair shall include the Landlord's Work but shall exclude any Alterations installed in the Premises by or on behalf of Tenant. In such event, this Lease shall remain in full force and effect except that Tenant shall be entitled to a proportionate reduction of Rent, Additional Charges and Additional Rent from the date of such damage and while such repairs to be made hereunder by Landlord are being made. Such reduction of rent, if any, shall be based upon the greater of (i) the proportion that the area of the Premises rendered untenable by such damage bears to the total area of the Premises; or (ii) the extent to which such damage and the making of such repairs by Landlord shall interfere with the business carried on by Tenant in the Premises, where clause (ii) is limited to the extent of rental abatement insurance allowed by Landlord's "all risks" property insurance carried pursuant to Landlord's obligations under Paragraph 10 of this Lease. Within thirty (30) days after the date of such damage, Landlord shall notify Tenant whether or not in Landlord's reasonable opinion (supported by reasonable written confirmation from a third party architect or general contractor) such repairs can be made within six (6) months after the date of such damage and such determination thereof shall be binding on Landlord and Tenant. If such repairs cannot be made within six (6) months from the date of such damage, Landlord shall have the option within thirty (30) days after the date of such damage either to: (i) 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, Tenant shall be responsible for the full repair and restoration of any Alterations installed in the Premises by or on behalf of Tenant, and the Rent, Additional Charges and Additional Rent shall be reduced as provided herein; or (ii) notify Tenant of Landlord's election to terminate this Lease as of a date specified in such notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after notice is given. In the event that such notice to terminate is given by Landlord, this Lease shall terminate on the date specified in such notice. In the event that Landlord notifies Tenant that Landlord's restoration or repair will take more than six (6) months, Tenant shall have a right to terminate the Lease within fifteen (15) days following receipt of Landlord's notice, by providing

Landlord with written notice of its election to do so; and if Tenant so terminates this Lease (and also in the event Landlord terminates this Lease pursuant to the immediately preceding sentence), Tenant shall have no liability for payment of the deductible (except to the extent of increased deductibles pursuant to Tenant's request as provided in Paragraph 10(f) of this Lease) under Landlord's insurance relating to such damage and Landlord shall have no obligation to Tenant to restore the Building or the Premises. In case of termination by either Tenant or Landlord, the 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, and Tenant shall pay such reduced Rent and Additional Charges up to the date of termination. Landlord agrees to refund to Tenant any Rent and Additional Charges previously paid for any period of time subsequent to such date of termination. The repairs to be made hereunder by Landlord within the Premises shall include only Landlord's Work, and shall not include, and Landlord shall not be required to repair, any damage by fire or other cause to the property of Tenant or any repairs or replacements of any paneling, decorations, railings, floor coverings or any alterations, additions, fixtures or improvements installed on the Premises by or at the expense of Tenant. Tenant hereby waives the provisions of Section 1932.2, and Section 1933.4, of the Civil Code of California. Notwithstanding anything contained herein to the contrary, if a Major Casualty occurs with respect to any portion of the Building, and the net insurance proceeds obtained by Landlord as a result of such casualty are ninety percent (90%) or a lesser percentage of the cost of restoration, rebuilding or replacement (provided Landlord had in place at the time of the casualty, insurance meeting the requirements of this Lease), then Landlord shall not be obligated to undertake such restoration, rebuilding or replacement unless Landlord elects to do so in writing. For the purpose of this Lease, a "Major Casualty" shall mean a casualty that renders unusable thirty five percent (35%) or more of the Net Rentable Area of the Building or which materially adversely affects the use of such Building. If Landlord elects to terminate this Lease as a result of a Major Casualty which meets the qualifications set forth in the preceding two sentences, Landlord must so notify Tenant, in writing, of such termination on or before sixty (60) days following the date of the casualty. In the event that Landlord elects to terminate the Lease pursuant to the preceding Major Casualty provision, then subject to Landlord's lender's approval, Tenant shall have the right to fully fund any shortfall of insurance proceeds and cause Landlord to restore the Premises. Tenant shall have to exercise said right to restore a Major Casualty by providing written notice to Landlord of its election to do so as well as proof of its ability to pay any shortfall insurance proceeds within ten (10) business days of Landlord's termination notice to Tenant.

21. **EMINENT DOMAIN.** If any part over ten percent (10%) of the Premises or ten percent (10%) of the parking spaces serving the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof, Tenant shall have the right to terminate this Lease at its option; however, Tenant's right to terminate due to a taking of over ten percent (10%) of the parking spaces shall be void if either: (i) Landlord builds a parking structure on the Land to replace said spaces within ninety (90) days of the taking subject to Tenant's reasonable approval of the design, location and construction of said structure; or (ii) if such a parking structure cannot be built within said ninety (90) day period, Landlord agrees in writing within such ninety (90) day period to build such a parking structure within two hundred seventy (270) days of the taking and provides valet parking during Business Hours (at no cost or expense to Tenant) for the number of cars which is equal to the number of parking spaces which have been so taken or appropriated, and if Landlord agrees to so build a parking structure it shall promptly commence and diligently pursue the building of such parking structure to completion. In either of such events, Landlord shall receive (and Tenant shall assign to Landlord upon demand from Landlord) any income, rent, award or any interest therein which may be paid in connection with the exercise of such power of eminent domain, and Tenant shall have no claim against Landlord for any part of sum paid by virtue of such proceedings, whether or not attributable to the value of the unexpired term of this Lease except that Tenant shall be entitled to petition the condemning authority for the following: (i) the then unamortized cost of any Alterations or tenant improvements paid for by Tenant from its own funds (as opposed to any allowance provided by Landlord); (ii) the value of Tenant's trade fixtures; (iii) Tenant's relocation costs; (iv) Tenant's goodwill, loss of business and business interruption; and (v) one-half of the amount which is the lesser of (a) the bonus value of this Lease, or (b) the amount of the award in excess of the sum of amounts payable to Landlord's ground lessor (if any) and any holder of a mortgage or other third party lien encumbering Landlord's ground lease estate or fee simple ownership in the Property. If a part of the Premises shall be so taken or appropriated or conveyed and neither party hereto shall elect to terminate this Lease and the Premises have been damaged as a consequence of such partial taking or appropriation or conveyance, Landlord shall restore the Premises continuing under this Lease at Landlord's cost and expense; provided, however, that Landlord shall not be required to repair or restore any injury or damage to the property of Tenant or to make any repairs or restoration of any Alterations installed on the Premises by or at the expense of Tenant. Thereafter, the Rent and Additional Charges to be paid under this Lease for the remainder of the

Term shall be proportionately reduced, such that thereafter the amounts to be paid by Tenant shall be in the ratio that they are of the portion of the Premises not so taken bears to the total area of the Premises prior to such taking. Notwithstanding anything to the contrary contained in this Paragraph 21, if the temporary use or occupancy of any part of the Premises shall be taken or appropriated under power of eminent domain during the Term, this Lease shall be and remain unaffected by such taking or appropriation and Tenant shall continue to pay in full all Rent and Additional Charges payable hereunder by Tenant during the Term; in the event of any such temporary appropriation or taking, Tenant shall be entitled to receive that portion of any award which represents compensation for the use of or occupancy of the Premises during the Term, and Landlord shall be entitled to receive that portion of any award which represents the cost of restoration of the Premises and the use and occupancy of the Premises after the end of the Term. If such temporary taking is for a period longer than ninety (90) days and unreasonably interferes with Tenant's use of the Premises or the Project Common Areas, then Tenant shall have the right to terminate the Lease unless Landlord agrees to provide valet parking (at no cost to Tenant) in the same as described in clause (ii) of the first sentence of this Section.

22. SALE BY LANDLORD. If Landlord sells or otherwise conveys its interest in the Premises, Landlord shall be relieved of its obligations under the Lease from and after the date of sale or conveyance (including the obligations of Landlord under Section 39), only when Landlord transfers any security deposit of Tenant to its successor and the successor assumes in writing the obligations to be performed by Landlord on and after the effective date of the transfer (including the obligations of Landlord under Paragraph 39), whereupon Tenant shall attorn to such successor.

23. RIGHT OF LANDLORD TO PERFORM. All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of Rent, Additional Charges or Additional Rent, except as expressly provided for in Paragraphs 20 and 21. If Tenant shall fail to perform any act or pay any amount on its part to be performed or paid hereunder, and such failure shall continue beyond the cure periods as noted in Paragraph 19, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such act on Tenant's part to be made or performed as provided in this Lease. All reasonable sums so paid by Landlord and all necessary incidental costs together with interest thereon at the Interest Rate identified in Paragraph 3, from the date of such payment by Landlord shall be payable as Additional Rent to Landlord on demand.

24. SURRENDER OF PREMISES.

(a) At the end of the Term or any renewal thereof or other sooner termination of this Lease, Tenant will peaceably deliver to Landlord possession of the Premises, together with all improvements or additions upon or belonging to Landlord, by whomsoever made, in the same condition as received (e.g., the Premises upon completion of the Landlord's Work), or first installed, subject to the terms of Paragraphs 21 and 39, subject to normal wear and tear and the rights and obligation of Tenant concerning casualty damage pursuant to Paragraph 20, damage by fire, earthquake, Act of God, or the elements alone excepted, and subject to any items which are the obligation of Landlord to repair or replace pursuant to the terms of this Lease (however, Landlord shall be entitled to charge Tenant for such repairs and replacements pursuant to Paragraph 3). Tenant may, upon the termination of this Lease, remove all personal property, movable furniture, trade fixtures and equipment belonging to Tenant, at Tenant's sole cost, provided that Tenant repairs any damage caused by such removal. Property not so removed shall be deemed abandoned by Tenant, and title to the same shall thereupon pass to Landlord, excluding any intellectual property rights. Upon request by Landlord, but only if Landlord is entitled to require such removal pursuant to the provisions of Paragraph 6, Tenant shall remove, at Tenant's sole cost, any or all Alterations to the Premises installed by or at the expense of Tenant and all movable furniture and equipment belonging to Tenant which may be left by Tenant and repair any damage resulting from such removal.

(b) The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

25. **WAIVER.** If either Landlord or Tenant waives the performance of any term, covenant or condition contained in this Lease, such waiver shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. Furthermore, the acceptance of Rent, Additional Charges or Additional Rent by Landlord shall not constitute a waiver of any preceding breach by Tenant of any term covenant or condition of this Lease, regardless of Landlord's knowledge of such preceding breach at the time Landlord accepted such Rent, Additional Charges or Additional Rent. Failure by either party to enforce any of the terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive or to decrease the right of such party to insist thereafter upon strict performance by the other party. Waiver by either party of any term, covenant or condition contained in this Lease may only be made by a written document signed by the waiving party.

26. **NOTICES.** Except as otherwise expressly provided in this Lease, any bills, statements, notices, demands, requests 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, return receipt requested, reputable overnight carrier, or delivered personally, (i) to Tenant at Tenant's address set forth in the Basic Lease Information; or (ii) to Landlord at Landlord's address set forth in the Basic Lease Information; or (iii) 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 Paragraph 26. Any such bill, statement, notice, demand, request or other communication shall be deemed to have been rendered or given on the date the return receipt indicates delivery of or refusal of delivery if sent by certified mail, the day upon which recipient accepts and signs for delivery from a reputable overnight carrier, or on the date a reputable overnight carrier indicates refusal of delivery, or upon the date personal delivery is made. If Tenant is notified in writing of the identity and address of any Mortgagee or ground or underlying lessor, Tenant shall give to such Mortgagee or ground or underlying lessor notice of any default by Landlord under the terms of this Lease in writing sent by registered or certified mail, and such Mortgagee or ground or underlying lessor shall be given the opportunity to cure such default (as defined in Paragraph 19(b)) prior to Tenant exercising any remedy available to it.

27. **TAXES PAYABLE BY TENANT.** At least five (5) days prior to delinquency Tenant shall pay all taxes levied or assessed upon Tenant's equipment, furniture, fixtures and other personal property located in or about the Premises. If the assessed value of Landlord's property (including without limitation the Property) is increased by the inclusion therein of a value placed upon any Alterations installed in the Premises by or on behalf of Tenant, or Tenant's equipment, furniture, fixtures or other personal property, Tenant shall pay to Landlord, upon written demand, the taxes so levied against Landlord, or the proportion thereof resulting from said increase in assessment.

28. **Intentionally Omitted**

29. **SUCCESSORS AND ASSIGNS.** Subject to the provisions of Paragraphs 9 and 22, the terms, covenants and conditions contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective legal and personal representatives, successors and assigns.

30. **ATTORNEY'S FEES.** If Tenant or Landlord brings any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent, Additional Charges or Additional Rent or possession of the Premises, the losing party shall pay to the prevailing party a reasonable sum for attorney's fees, which shall be deemed to have accrued on the commencement of such action and shall be paid whether or not the action is prosecuted to judgment.

31. **LIGHT AND AIR.** Tenant covenants and agrees that no diminution of light, air or view by any structure which may hereafter be erected (whether or not by Landlord) shall entitle Tenant to any reduction of rent under this Lease, result in any liability of Landlord to Tenant, or in any other way affect this Lease or Tenant's obligations hereunder.

32. **SECURITY DEPOSIT.**

(a) Concurrently with Tenant's execution of this Lease Tenant shall deposit with Landlord a security deposit in the sum of \$33,500.25.

(b) Tenant covenants and agrees to provided Landlord with (1) Tenant's quarterly financial statements within thirty (30) days after the end of each of the first three quarters of Tenant's fiscal year, certified by Tenant's chief financial officer, and (2) Tenant's audited annual financial statements within sixty (60) days after the end of Tenant's fiscal year. If any such financial statement shows that Tenant has less than \$5,000,000 in unencumbered cash and cash equivalents, or if Tenant fails to timely deliver any such financial statement, then Tenant shall deposit with Landlord, without notice or demand from Landlord, cash in an amount sufficient to increase the security deposit to an amount equal to two (2) times the then-current monthly Base Rent, which deposit shall be made on the earlier of (1) the date on which Tenant delivers such financial statement to Landlord or (2) the date which is the deadline for Tenant's delivery of its financial statement as specified in the immediately preceding sentence. This sum is a deposit securing Tenant's performance of the Lease and shall remain the sole and separate property of Landlord until actually repaid to Tenant (or at Landlord's option the last assignee, if any, of Tenant's interest hereunder). Tenant does not earn said sum until all conditions precedent for its payment to Tenant have been fulfilled. As this sum both in equity and at law is Landlord's separate property, Landlord is not required to keep it separate from its general accounts or pay interest for its use. If Tenant fails to pay Rent or other charges when due hereunder, or otherwise defaults with respect to any provision of this Lease, including Tenant's obligation to restore or clean the Premises following vacation thereof, at Landlord's election, Tenant shall be deemed not to have earned the right to repayment of the Security Deposit, except those portions not used by Landlord for the payment of any Rent or other charges in default, or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. Landlord may retain such portion of the Security Deposit as it reasonably deems necessary to restore or clean the Premises following vacation by Tenant to the condition in which Tenant is required hereunder to leave the Premises at the expiration or sooner termination of the Term. The Security Deposit is not to be characterized as Rent until and unless so applied to a Tenant default.

(c) All sums deposited with Landlord pursuant to Sections 32(a) and 32(b) above are deposits securing Tenant's performance of the Lease and shall remain the sole and separate property of Landlord until actually repaid to Tenant (or at Landlord's option the last assignee, if any, of Tenant's interest hereunder). Tenant does not earn said sum until all conditions precedent for its payment to Tenant have been fulfilled. As this sum both in equity and at law is Landlord's separate property, Landlord is not required to keep it separate from its general accounts or pay interest for its use. If Tenant fails to pay Rent or other charges when due hereunder, or otherwise defaults with respect to any provision of this Lease, including Tenant's obligation to restore or clean the Premises following vacation thereof, at Landlord's election, Tenant shall be deemed not to have earned the right to repayment of the Security Deposit, except those portions not used by Landlord for the payment of any Rent or other charges in default, or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. Landlord may retain such portion of the Security Deposit as it reasonably deems necessary to restore or clean the Premises following vacation by Tenant. The Security Deposit is not to be characterized as Rent until and unless so applied to a Tenant default.

(d) If Landlord elects to use or apply all or any portion of the Security Deposit as provided in Paragraph 32(c) above, Tenant shall within ten (10) business days after written demand therefor pay to Landlord in cash, an amount equal to that portion of the Security Deposit used or applied by Landlord, and Tenant's failure to so do shall be a material breach of this Lease. The ten (10) business day notice specified in the preceding sentence shall insofar as not prohibited by law, constitute full satisfaction of notice of default provisions required by law or ordinance.

33. CORPORATE AUTHORITY; FINANCIAL INFORMATION. Each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that they are authorized to do so. Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing corporation, that Tenant has and is qualified to do business in California, and that Tenant has full right and authority to enter into this Lease. Upon Landlord's request, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord confirming the foregoing covenants and warranties. Tenant hereby further covenants and warrants to Landlord that all financial information and other descriptive information regarding Tenant's business, which has been or shall be furnished to Landlord, is and shall be accurate and complete in all material respects at the time of delivery to Landlord.

34. **PARKING.** Tenant shall have the non-exclusive right to use its Prorata Share of the parking situated on the Land, rounded downward to the next lowest Whole number of parking spaces (which equals approximately 3.8 spaces per rentable 1,000 square feet of the Premises). Subject to Landlord's rights to be reimbursed for Expenses (including, but not limited to governmental fees) Landlord shall not charge Tenant for use of such parking by Tenant or by Tenant's employees or visitors during the Term. Landlord shall have the right and option of reserving some or all of the parking spaces situated on the Land for the exclusive use of tenants (including Tenant) within the Building on a prorata basis.

35. **MISCELLANEOUS.**

(a) The paragraph headings herein are for convenience of reference and shall in no way define, increase, limit or describe the scope or intent of any provision of this Lease. The term "Landlord" shall include Landlord and its successors and assigns. In any case where this Lease is signed by more than one person, the obligations hereunder shall be joint and several. The term "Tenant" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and their and each of their respective successors, executors, administrators, and permitted assigns, according to the context hereof.

(b) Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by the laws of the State of California. This Lease, together with its exhibits, contains all the agreements of the parties hereto and supersedes any previous negotiations. There have been no representations made by the Landlord or understandings made between the parties other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument by the parties hereto.

(c) If for any reason whatsoever any of the provisions hereof shall be unenforceable or ineffective, all of the other provisions shall be and remain in full force and effect.

(d) Upon Tenant paying the Rent, Additional Charges and Additional Rent and, so long as Tenant is not in default under this Lease beyond the applicable cure periods noted in Paragraph 19, 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.

(e) This Lease may be executed in counterparts, each of which shall be an original, but all of which shall constitute one (1) instrument.

36. **TENANT'S REMEDIES AND LANDLORD'S REMEDIES.** Tenant shall look solely to Landlord's interest in the Project for the recovery of any judgment from Landlord. Landlord, or if Landlord is a limited liability company, its members or managers, or if Landlord is a partnership, its partners whether general or limited, or if Landlord is a corporation, its directors, officers or shareholders, shall never be personally liable for any such judgment. Any lien obtained to enforce such judgment and any levy of execution thereon shall be subject and subordinate to any mortgage or deed of trust (excluding any mortgage or deed of trust which was created as part of an effort to defraud creditors, i.e., a fraudulent conveyance); provided, however that any such judgment and any such levy of execution thereon shall not be subject or subordinated to any mortgage or deed of trust that shall have been created or recorded in the official records of Santa Clara County after the date of the judgment giving rise to such lien. Landlord's interest in the Project shall include any insurance proceeds received by Landlord to the extent that such proceeds are available to Landlord, any condemnation awards paid to Landlord, any payments by Tenant for Real Estate Taxes and Expenses which were not applied to the payment of said Real Estate Taxes and Expenses, and any rights of indemnity owed to Landlord by any insurance company.

37. **REAL ESTATE BROKERS.** Each party represents that it has not had dealings with any real estate broker, finder or other person with respect to this Lease in any manner, except for any broker named in the Basic Lease Information, whose fees or commission, if earned, shall be paid as provided in the Basic Lease Information. Each party shall hold harmless the other party from all damages resulting from any claims that may be asserted against the other party by any other broker, finder or other person with whom the other party has or purportedly has dealt.

38. **LEASE EFFECTIVE DATE.** Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

39. **HAZARDOUS SUBSTANCE LIABILITY.** Landlord shall, upon written request from Tenant, make the following reports (the "Environmental Reports") available for Tenant's review: (i) Phase I Environmental site Assessment and Soil and Ground Water Quality Evaluation, 441 Logue Avenue, Mountain View, California, dated December 2, 1999 and prepared by Lowney Associates (Project #1509-1); and (ii) Phase I Site Assessment Report, Professional Office Building, 441 Logue Avenue, Mountain View, California, dated January 18, 2002 and prepared by National Assessment Corporation (Project 02-8012.1). Except as noted in the Environmental Reports, Landlord represents and warrants that to the best of its knowledge, the Premises and Project are presently free of asbestos, toxic waste, underground storage tanks and other Hazardous Substances in amounts exceeding legally established maximum thresholds. Additionally, except as noted in the Environmental Reports, Landlord represents that it has received no written notice of any violation or claimed violation with respect to the presence of toxic or Hazardous Substances on, in or under the Project or of any pending or contemplated investigation or other action relating thereto.

(a) **Definition of Hazardous Substances.** For the purpose of this Lease, "Hazardous Substances" shall be defined, collectively, as oil, flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances which are "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under applicable environmental laws, ordinance or regulation.

(b) **Tenant Indemnity.** Tenant releases Landlord from any liability for, waives all claims against Landlord and shall indemnify, defend and hold harmless Landlord, its employees, partners, agents, subsidiaries and affiliate organizations against any and all claims, suits, loss, costs (including costs of investigation, clean up, monitoring, restoration and reasonably attorney fees), damage or liability, whether foreseeable or unforeseeable, by reason of property damage (including diminution in the value of the property of Landlord), personal injury or death directly arising from or related to Hazardous Substances released, manufactured, discharged, disposed, used or stored on, in, or under the Property or Premises during the Term by Tenant or its employees, agents or contractors. The provisions of this Tenant Indemnity regarding Hazardous Substances shall survive the termination of the Lease. Tenant has informed Landlord, that (i) except for immaterial amounts of toxic materials incidental to its office use (e.g. copier toner, typical janitorial cleaning materials), and (ii) except for immaterial amounts of toxic materials incidental to its research and development use, Tenant will not use and Hazardous Substances in material amounts within the Building and shall comply with any applicable laws to the extent that it does. If Tenant intends to use any Hazardous Substances in connection with its research and development use which is beyond levels typical for office tenants, Tenant shall (i) provide written notice to Landlord of the identity of such Hazardous Substances and Tenant's proposed plan for the use, storage and disposal of such Hazardous Substances, such use, storage and disposal shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed, and (ii) provide evidence satisfactory to Landlord, in the exercise of Landlord's reasonable discretion, that (A) Tenant has contracted with a responsible chemical supplier and waste pick-up and disposal firm, (B) Tenant is in compliance with all applicable Laws with respect to such Hazardous Substances, and (C) Tenant has adopted secondary containment procedures that are reasonably acceptable to Landlord. Tenant shall provide Landlord with quarterly reports with respect to the use and storage of any Hazardous Substances in connection with its research and development use which is beyond levels typical for office tenants and shall immediately notify Landlord if and when Tenant learns or has reason to believe there has been any release of Hazardous Substances in, on or about the Premises.

(c) **Landlord Indemnity.** Landlord releases Tenant from any liability for, waives all claims against Tenant and shall indemnify, defend and hold harmless Tenant, its officers, employees, and agents to the extent of Landlord's interest in the Project, against (i) any and all actions by any governmental agency for clean up of Hazardous Substances existing on, in or under the Property or the Premises as of the date of this Lease or released, manufactured, discharged, disposed, used or stored on, in or under the Property by Landlord or its employees (including, without limitation, any groundwater contamination) including costs of legal proceedings, investigation, clean up, monitoring, and restoration, including reasonable attorney fees, (ii) any and all actions for damages to property instituted by any third parties, if, and to the extent, in either case, arising from the presence of Hazardous Substances on, in or under the Property or Premises as of the date of this Lease or released, manufactured, discharged, disposed, used or stored on, in or under the Property by Landlord or its employees, and (iii) any and all claims, suits, loss, costs (including costs of investigation, clean up, monitoring, restoration and reasonably attorney fees), damage or liability, whether foreseeable or unforeseeable, by reason of property damage (including diminution in the value of the property of Tenant), personal injury or death directly arising from or related to Hazardous Substances released, manufactured, discharged, disposed, used or stored on, in, or under the Property or Premises prior to the date of this Lease or at any time by Landlord or Landlord's employees. The provisions of this Landlord Indemnity regarding Hazardous Substances shall survive the termination of the Lease.

40. ARBITRATION OF DISPUTES.

ANY CONTROVERSY OR CLAIM (I) ARISING OUT OF THIS LEASE OR A BREACH OF THIS LEASE SOLELY BETWEEN LANDLORD AND TENANT RELATING TO A MONETARY DEFAULT IN AN AMOUNT OF LESS THAN FIFTY THOUSAND DOLLARS (\$50,000), BUT NOT INCLUDING A DEFAULT WITH RESPECT TO THE TIMELY PAYMENT OF RENT AND ADDITIONAL CHARGES AND (II) ANY OTHER MATTER EXPRESSLY PROVIDED FOR IN THIS LEASE OR IN THE WORK LETTER ATTACHED TO THIS LEASE AS EXHIBIT "B" TO BE SETTLED BY ARBITRATION, SHALL BE SETTLED BY ARBITRATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AND JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED IN ANY COURT HAVING JURISDICTION.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE IMMEDIATELY PRECEDING PARAGRAPH OF THIS "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE FIRST PARAGRAPH OF THIS "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Consent to neutral arbitration by: /s/ Steve Dostart (Landlord): /s/ Fabio Rosati (Tenant).

41. SIGNAGE. Tenant shall have the exclusive right to have its name displayed on the lower position on the monument sign located at the Building entrance. (Landlord reserves the right to give another tenant signage at the front of the Building). Any signage (including the addition of Tenant's name to the monument sign) shall be subject to approval by Landlord as well as applicable regulatory bodies. All signage shall be at Tenant's expense.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD:

441 LOGUE AVENUE ASSOCIATES, LLC a Delaware
limited liability company

By: /s/ Steve Dostart
Name: Steve Dostart
Its: Manager

TENANT:

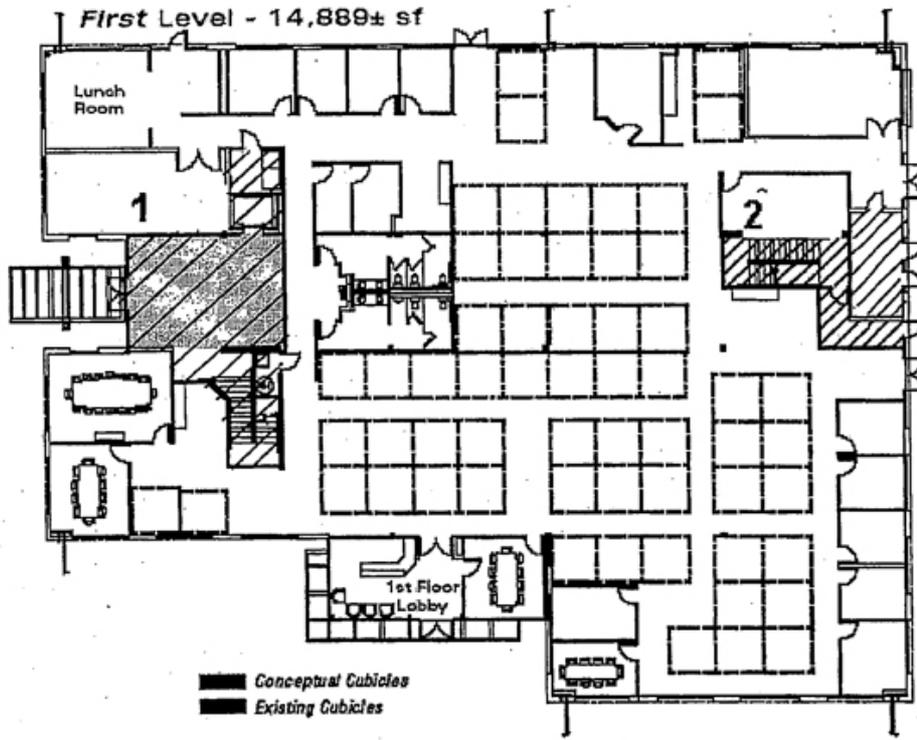
ELANCE, INC.
a Delaware corporation

By: /s/ Fabio Rosati
Name: Fabio Rosati
Its: President & CEO

By: /s/ Ved Sinha
Name: Ved Sinha
Its: VP, Product

EXHIBIT "A"

PREMISES



 not a part of the premises

EXHIBIT "A-1"

LAND

REAL PROPERTY in the City of Mountain View, County of Santa Clara, State of California, described as follows:

All of Parcel One, as shown on a Parcel Map recorded February 3, 1984 in Book 524 of Maps, page 27, Records of Santa Clara County.

APN: 160-57-013

ARB: 159-43-042

EXHIBIT "A-2"

BUILDING

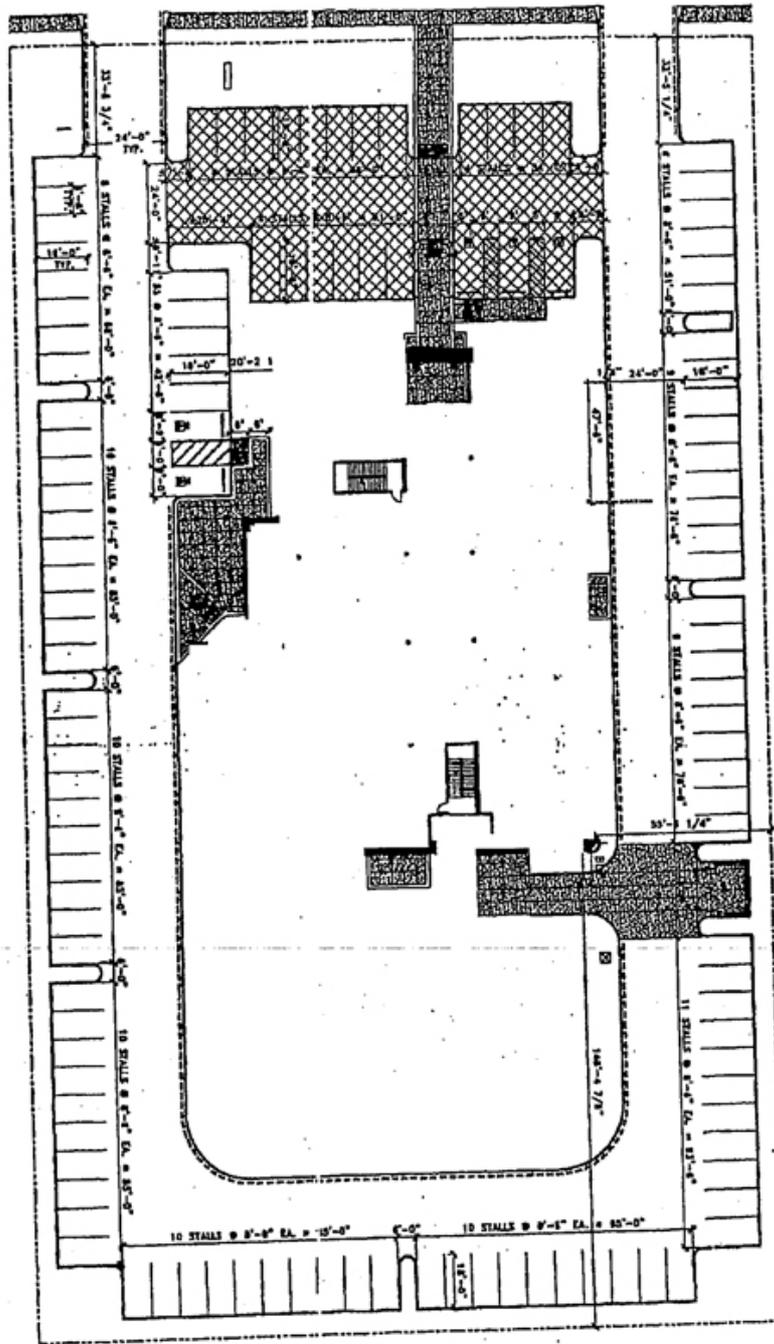


Exhibit A-2 - Page 1

EXHIBIT "B"
WORK LETTER

1. **Landlord's Work:** Tenant shall accept the Premises in its "as-is" condition (regardless of how the plan attached hereto as Schedule 1 depicts the Premises) provided, however, that Landlord shall at its sole expense, in a good and workman-like manner, in compliance with applicable Laws and Regulations, and using Building standard materials and finishes, make the following improvements (collectively, the "Landlord's Work") to the Premises:

(a) Reconstruct the front lobby used to access the second floor of the Building so as to eliminate access from such lobby to the conference room within the Premises (it is anticipated that the Premises following such reconstruction will be configured as shown on Schedule 1 hereto, subject to changes required by any applicable governmental authorities);

(b) Replacing all stained or damaged ceiling tiles in the Premises with new ceiling tiles;

(c) Ensuring that all light fixtures are working properly and new light bulbs have been installed where required;

(d) Washing all windows and professionally cleaning the Premises;

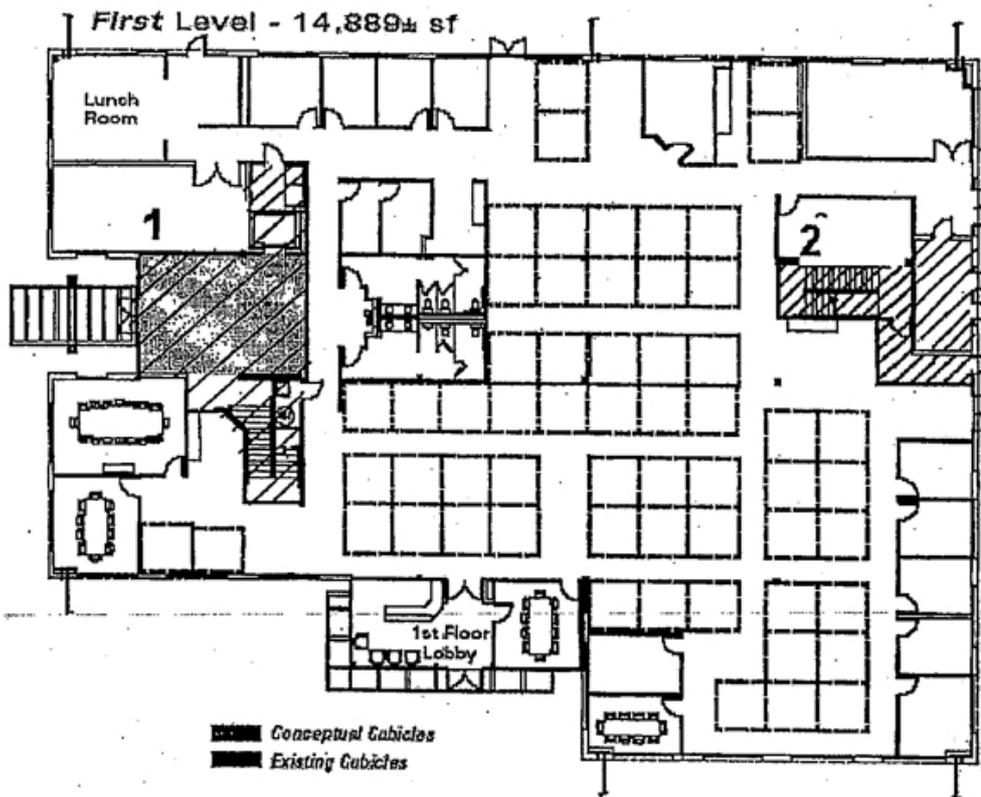
(e) Delivering all mechanical, HVAC and electrical systems servicing the Building and the Premises in good operational condition and increasing the tonnage of the HVAC equipment and corresponding duct and ventilation capacity servicing the Server room to seven (7) tons; and

(f) Providing all existing floor furniture for Tenant's Use during the term of the Lease (although such furniture shall remain the property of Landlord after the termination of the Lease).

In addition to the work to be performed above, Landlord warrants that the Premises and the Building were ADA compliant at the time of the original construction of the Building.

SCHEDULE 1

ANTICIPATED RE-CONFIGURATION OF PREMISES



 not a part of the premises

EXHIBIT "C"

RULES AND REGULATIONS

1. Sidewalks, exits, entrances, elevators and stairways shall not be obstructed by Tenant or used by Tenant for any purpose other than for ingress to and egress from the Premises. Tenant, and Tenant's employees or invitees, shall not go upon the roof of the Building, except as authorized by Landlord or pursuant to Paragraph 46 of the Lease.
2. Except as expressly permitted by the Lease, no sign, placard, picture, name, advertisement or notice visible from the exterior of the Premises shall be inscribed, painted, affixed, installed or otherwise displayed by Tenant either on the Premises or any part of the Building without the prior written consent of Landlord, which consent not be unreasonably withheld, conditioned or delayed, and Landlord shall have the right to remove any such sign, placard, picture, name, advertisement or notice without notice to and at the expense of Tenant. If Landlord shall have given such consent to Tenant at any time, whether before or after the execution of the Lease, such consent shall not in any way operate as a waiver or release of any of the provisions hereof or of the Lease, and shall be deemed to relate only to the particular sign, placard, picture, name, advertisement or notice so consented to by Landlord and shall not be construed as dispensing with the necessity of obtaining the specific written consent of Landlord with respect to any other such sign, placard, picture, name, advertisement or notice.
3. No curtains, draperies, blinds, shutters, shades, screens or other coverings, awnings, hangings or decorations shall be attached to, hung or placed in, or used in connection with, any window, door or patio on the Premises without the prior written consent of Landlord. In any event with the prior written consent of Landlord, all such items shall be installed inboard of Landlord's window coverings and shall not in any way be visible from the exterior of the Building. No articles shall be placed or kept on the window sills so as to be visible from the exterior of the Building. No articles shall be placed against glass partitions or doors which might appear unsightly from outside the Building.
4. During the continuance of any invasion, mob, riot, public excitement or other circumstance rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building by closing the doors, or otherwise, for the safety of tenants and protection of the Building and property in the Building.
5. Tenant shall see that the doors of the Premises are closed and securely locked and must observe strict care and caution that all water faucets or water apparatus are entirely shut off (other than as required for security or safety purposes) before Tenant or its employees leave such Premises, and that all utilities shall likewise be carefully shut off, so as to prevent waste or damage. On multiple-tenancy floors, all tenants shall keep the door or doors to the Building corridors closed at all times except for ingress and egress.
6. Tenant shall not alter any lock or access device or install a new or additional lock-or access device or any bolt on any door of the Premises without prior written notice to Landlord, and shall immediately provide Landlord with new keys or other access devices upon such alteration or installation. Tenant shall not make or have made additional copies of any keys or access devices provided by Landlord but shall instead obtain any necessary additional keys or devices from Landlord. Tenant, upon the termination of the tenancy, shall deliver to Landlord all the keys or access devices for the Building, offices, rooms and toilet rooms which shall have been furnished to Tenant or which Tenant shall have had made. In the event of the loss of any keys or access devices so furnished by Landlord, Tenant shall pay Landlord the actual cost (including rekeying if necessary) therefor.
7. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule by Tenant or Tenant's employees or invitees shall be borne by Tenant.
8. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities necessary for the operation or maintenance of office or office equipment. Tenant shall not use any method of heating or air conditioning other than supplied or approved by Landlord.

9. Tenant shall not use, keep or permit to be used or kept in the Premises any foul or noxious gas or substance or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought or kept in or about the Premises or the Building.

10. Except as consented to by Landlord, no cooking shall be done or permitted by Tenant on the Premises (except that use by the Tenant of Underwriter's Laboratory approved equipment for the preparation of coffee, tea, hot chocolate and similar beverages for Tenant and its employees shall be permitted, provided that such equipment and use are in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations), nor shall Premises be used for lodging.

11. Except as allowed by, and then in accordance with, the express provisions of the Lease, Tenant shall not install any radio or television antenna, loudspeaker or any other device on the exterior walls or the roof of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

12. Tenant shall not lay linoleum, tile, carpet or any other floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved in writing by Landlord. The expense of repairing any damage resulting from a violation of this rule by Tenant or Tenant's contractors, employees or invitees or the removal of any floor covering shall be borne by Tenant.

13. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenants in the Building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord.

14. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Tenant shall not mark, use double-sided adhesive tape on, or drive nails, screw or drill into, the partitions, woodwork or plaster or in any way deface the Premises or any part thereof. Tenant may hang pictures on walls in the Premises. Any damage to the walls caused by molly bolts, or like hanging materials, will be repaired by Tenant.

15. Tenant shall store all trash and garbage within the interior of the Premises or in the appropriate trash collection areas outside of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the jurisdiction in which the Premises is located, without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry ways and elevators provided for such purposes and at such times as Landlord shall designate.

16. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building or Project are prohibited, and Tenant shall cooperate to prevent the same. Tenant shall not make room-to-room solicitation of business from other tenants in the Building or Project.

17. Landlord shall have the right, exercisable upon reasonable advance notice and without liability to Tenant, to change the name and address of the Building or Project. Without the prior written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address. Tenant may use Project's name on its stationery and business cards.

18. Landlord reserves the right to exclude or expel from the Building or Project any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the rules or regulations of the Building.

19. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by any governmental agency.
20. Tenant assumes any and all responsibility for protecting the Premises from theft, robbery and pilferage which includes keeping doors locked and other means of entry to the Premises closed, unless caused by the negligence or willful misconduct of Landlord, its agents, servants, or employees (“Landlord Parties”).
21. Tenant shall be responsible for the observance of all of the foregoing Rules and Regulations by Tenant’s employees, agents, clients, customers, invitees and guests.
22. Tenant shall not use the Common Areas for any gathering, party, picnic or similar functions without Landlord’s prior written consent. Any such consent shall be conditioned upon Tenant indemnifying, defending and holding Landlord harmless against any personal injury, death or damages to the Project or any portion thereof or any other property of Landlord or any other tenants in the building or any other party as a result of the function, and to paying to Landlord as an Additional Charge any costs incurred by Landlord in connection with such event. Prior to any such gathering, party, picnic or similar function, Tenant shall provide Landlord with evidence of insurance, in the form and liability amounts reasonably required by Landlord, covering the foregoing indemnification obligations.
23. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all tenants of the Building or Project. Where Landlord’s consent is provided for in these Rules and Regulations, such consent shall not be unreasonably withheld, conditioned or delayed.
24. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and Project and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations hereinafter stated and any additional rules and regulations which are adopted and which are not contrary to Tenant’s rights under the Lease. No new Rule or Regulation shall be designed to discriminate solely against Tenant.
25. Tenant shall be responsible for the observance of all of the foregoing Rules and Regulations by Tenant’s employees, agents, clients, customers, invitees and guests.
26. Unless otherwise defined, terms used in these Rules and Regulations shall have the same meaning as in the Lease.

EXHIBIT "D"

ACKNOWLEDGEMENT OF COMMENCEMENT OF TERM

_____, 2007

Elance, Inc.

Attn: _____

Re: Acknowledgement and Confirmation of Commencement Date under the 441 Logue Avenue Lease Agreement between 441 Logue Avenue Associates, LLC ("Landlord") and Elance, Inc. ("Tenant"), dated as of March 27, 2007 (the "Lease")

Dear Sirs:

This letter will confirm that:

1. The Commencement Date under (and as defined in) the Lease is May 1, 2007;
2. Elance, Inc. has accepted delivery of the Premises; and
3. The condition of the Building (including Landlord's Work) complies with Landlord's obligations under (punch list items excepted).

Please acknowledge your receipt of this letter and confirmation of and agreement with the foregoing by signing and returning a copy to the undersigned.

Very truly yours,

441 Logue Avenue Associates, LLC,
a Delaware limited liability company

By: _____

Name: _____

Its: Manager

Acknowledged and Agreed:

Elance, Inc.,
a Delaware corporation

By: _____

Name: _____

Its: _____

EXHIBIT A

SCHEDULE OF SALE PROPERTY

DESCRIPTION	AMOUNT	SIZE
Cubicles / Office Furniture		
8 x 8 Teknion Cubicles with overhead/bb/bbf	39	
Conference Table	1	7 x 7 Square
Office - P-Top with return overhead with bulletin board	6	11x12 office
Task chairs		
Reception Desk/Station	1	
NEC 124i Phone system		
Key Telephone System	1	
Voicemail System, Vanguard Mail	1	
Telephones		
16 button	5	
22 button	51	
Reception extension	1	
Racks		
Server racks	4	19 inch

AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is entered into as of June 30, 2009, by and between 441 LOGUE AVENUE ASSOCIATES, LLC a Delaware limited liability company ("Landlord"), and ELANCE, INC., a Delaware corporation ("Tenant").

RECITALS

This Amendment is entered into on the basis of the following facts, understandings and intentions of the parties:

A. Landlord and Tenant entered into that certain 441 Logue Avenue Lease Agreement (the "Lease") dated as of March 27, 2007.

B. Pursuant to the Lease, Tenant leases certain space and improvements consisting of approximately 14,889 rentable square feet on the first floor of the building located at 441 Logue Avenue, Mountain View, California, as more particularly described in the Lease (the "Premises"). Capitalized terms used herein but not defined herein shall have the meanings given such terms in the Lease.

C. The Term of the Lease is scheduled to expire on April 30, 2010. Landlord and Tenant now desire to amend the Lease pursuant to the provisions hereof.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties, the parties hereto agree as follows:

1. Extension of Term. The Term of the Lease is hereby extended to and including April 30, 2013, which date shall hereafter be the Expiration Date. All reference in the Lease to the "Expiration Date" are hereby amended to mean and refer to April 30, 2013.

2. Base Rent. Effective as of July 1, 2009, monthly Base Rent payable under the Lease shall be as follows:

<u>Months:</u>	<u>Rental Rate per rentable square foot per month:</u>
July, 2009 – April, 2010	\$1.85
May, 2010 – April, 2011	\$1.95
May, 2011 – April, 2012	\$2.05
May, 2012 – April, 2013	\$2.15

3. Condition of Premises. Tenant acknowledges that it is currently in possession of the Premises and agrees to continue in possession thereof "AS IS" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements to the Premises on account of the extension of the Term hereunder or for any other reason, purposes or cause.

4. Brokerage Commission. Landlord hereby warrants and represents to Tenant that Landlord has not had dealings with any real estate broker, finder or other person with respect to this Amendment in any manner, except for CPS CORFAC International/CB Richard Ellis; and Tenant hereby warrants and represents to that Landlord has not had dealings with any real estate broker, finder or other person with respect to this Amendment in any manner, except for Colliers International. Landlord shall pay all commissions due to CPS CORFAC International/CB Richard Ellis and to Colliers International in connection with this Amendment. Each party shall hold harmless the other party from all damages resulting from any claims that may be asserted against the other party by any other broker, finder or other person with whom the other party has or purportedly has dealt.

5. Acknowledgements. Tenant (i) acknowledges and agrees that Landlord has performed each and every obligation of Landlord to be performed under the Lease as of the date of this Amendment, and that Landlord is not in default of any such obligation, and (ii) represents and warrants to Landlord that Tenant is not in default under the Lease and that, to the best of Tenant's knowledge, no event, condition or circumstance exists which, with the giving of notice and/or the passage of time, would constitute a default by Tenant under the Lease.

6. Lease Remains in Full Force and Effect. Except as modified above, the Lease shall remain unmodified and in full force and effect. In the event of any inconsistency between the terms and provisions of the Lease and the terms and provisions of this Amendment, the terms and provisions of this Amendment shall govern.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Lease as of the day first above written.

LANDLORD:

441 LOGUE AVENUE ASSOCIATES, LLC,
a Delaware limited liability company

By: /s/ Steve Dostart

Name: Steve Dostart

Its: Manager

TENANT:

ELANCE, INC.,
a Delaware corporation

By: /s/ Fabio Rosati

Name: Fabio Rosati

Its: President & CEO

By: /s/ Michael J. Culver

Name: Michael J. Culver

Its: VP Finance/Legal

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (this "Amendment") is entered into as of May 31, 2012 (the "Effective Date"), by and between 441 LOGUE AVENUE ASSOCIATES, LLC a Delaware limited liability company ("Landlord"), and ELANCE, INC., a Delaware corporation ("Tenant").

RECITALS

This Amendment is entered into on the basis of the following facts, understandings and intentions of the parties:

A. Landlord and Tenant entered into that certain 441 Logue Avenue Lease Agreement dated as of March 27, 2007 (as amended by that certain Amendment to Lease dated June 30, 2009, the "Lease").

B. Pursuant to the Lease, Tenant leases certain space and improvements consisting of approximately 14,889 rentable square feet on the first floor of the building located at 441 Logue Avenue, Mountain View, California (the "Building"), as more particularly described in the Lease (the "Initial Premises"). Capitalized terms used herein but not defined herein shall have the meanings given such terms in the Lease.

C. Tenant desires to (i) extend the Term of the Lease, and (ii) lease an additional approximately 16,975 rentable square feet on the second floor of the Building, all on the terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties, the parties hereto agree as follows:

1. Definitions. The terms defined in this Section 1 shall, for all purposes of this Amendment, the Lease and all agreements supplemental hereto, have the meanings specified in this Section 1 unless expressly stated otherwise.

(a) "Expansion Date" means the earlier to occur of (i) August 1, 2012, or (ii) the date upon which Tenant commences to conduct business operations from the Expansion Premises.

(b) "Expansion Premises" means Suite 200, containing approximately 16,975 square feet of Rentable Area, outlined on Exhibit A attached hereto.

(c) "Expansion Premises Delivery Date" means June 1, 2012 or such later date as the current tenant of the Expansion Premises surrenders possession thereof.

(d) "Initial Premises" means the premises described in the Lease and outlined on Exhibit B to the Lease, which premises is commonly known and referred to as Suite 150 and contains approximately 14,889 square feet of Rentable Area.

(e) "Premises" means (i) the Initial Premises until the day preceding the Expansion Date, and (ii) the Initial Premises and the Expansion Premises from and after the Expansion Date.

2. Extension of Term. The Term of the Lease is hereby extended to and including April 30, 2019, which date shall hereafter be the Expiration Date. All reference in the Lease to the "Expiration Date" are hereby amended to mean and refer to April 30, 2019.

3. Expansion of Premises.

(a) Effective as of the Expansion Date the Premises (and the definition of the "Premises") shall be modified to mean and include both the Initial Premises and the Expansion Premises. As a result of such expansion, effective upon the Expansion Date, the deemed square footage of the Premises shall be and become 31,684 square feet and Tenant's Prorata Share and Tenant's Share of Expenses and Real Estate Taxes shall be one hundred percent (100.00%).

(b) If Landlord, for any reason whatsoever, cannot deliver possession of the Expansion Premises to Tenant on before August 1, 2012 for the purpose specified in Section 3(c), this Amendment shall not be void or voidable, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and Tenant shall have no obligation to pay monthly Base Rent or Additional Charges with respect to the Expansion Premises until the day following the date on which possession of the Expansion Premises is delivered to Tenant (such date thereupon becoming the "Expansion Date" for purposes of this Amendment). Notwithstanding the foregoing, if Landlord is unable to deliver the Expansion Premises by August 1, 2012 (as extended day-for-day for each day of Force Majeure Delay) (the "Expansion Premises Outside Delivery Date"), then Tenant shall have the right, as its sole remedy, to terminate this Amendment to Lease by providing written notice to Landlord within fifteen (15) business days following the Expansion Premises Outside Delivery Date, in which event the Lease shall continue in full force and effect as if the parties had not entered into this Amendment and Landlord shall promptly return to Tenant the August, 2012 Base Rent for the Expansion Premises paid by Tenant pursuant to the provisions of Section 6(d). For purposes hereof, the failure of the existing tenant of the Expansion Premises to vacate the Expansion Premises shall not be an event of Force Majeure Delay.

(c) Notwithstanding the above, Tenant shall be entitled to early occupancy of the Expansion Premises at any time after the Expansion Premises Delivery Date for the sole purposes of (1) installing Tenant's furniture and telephone and other communications cabling and (2) performing Tenant's Expansion Work (defined below), provided that (i) Tenant covenants and agrees that Tenant and Tenant's employees, agents or contractors will cooperate with Landlord to coordinate the performance and completion of the Landlord's Expansion Work concurrently with Tenant's Expansion Work, (ii) Landlord shall have no liability to Tenant for delays in completing the Landlord's Expansion Work which result from, are caused by or arise out of the interference by Tenant or Tenant's employees, agents or contractors in the performance of the Landlord's Expansion Work, (iii) Tenant and Tenant's employees, agents and contractors shall promptly comply with any and all requests made by Landlord or Landlord's contractor(s) that Tenant remove its property from those areas in or around which Landlord is performing the Landlord's Expansion Work, and (iv) Landlord shall not be liable for, Tenant hereby waives all

claims which Tenant may have against the Landlord Parties, and Tenant shall indemnify and hold harmless Landlord from and defend Landlord against any and all claims or liability for any injury or damage to any person or property in or about the Expansion Premises resulting from or arising out of or in connection with the performance of Tenant's Expansion Work (except to the extent arising from the negligence or willful misconduct of Landlord). Tenant's early occupancy of the Expansion Premises for the sole purpose provided in this Section shall be subject to all of the terms and conditions of the Lease, provided that (x) the Premises shall not include the Expansion Premises until the Expansion Date, and (y) Tenant shall not be obligated to pay monthly Base Rent or Additional Charges with respect to the Expansion Premises for the period from the Expansion Premises Delivery Date until the Expansion Date.

(d) Within five (5) business days after the Expansion Date, the parties shall execute a letter confirming the Expansion Date and certifying that Tenant has accepted delivery of the Premises, in form substantially similar to EXHIBIT "D" attached to the Lease (the "Expansion Date Memorandum"). Either party's failure to request execution of, or to execute, the Expansion Date Memorandum shall not in any way alter the Expansion Date.

4. Landlord's Expansion Work.

(a) Landlord shall deliver the Expansion Premises to Tenant on the Expansion Date having completed the work necessary ("Landlord's Expansion Work") to deliver the Expansion Premises (i) in clean and sanitary condition, and (ii) with all electrical and mechanical systems in good working order, without taking into effect thereon any alterations or modifications which may thereafter be made to the Expansion Premises by Tenant, its agents or contractors.

(b) Landlord's Expansion Work shall be performed at Landlord's sole cost and expense. Except as expressly provided in this Section 3(b), Landlord shall not be required to make any improvements to the Initial Premises or the Expansion Premises, and Tenant shall accept the Expansion Premises in its condition existing as of the Expansion Premises Delivery Date (subject to Landlord's obligation to complete Landlord's Expansion Work") "AS IS" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements to the Premises on account of the extension of the Term or the expansion of the Premises hereunder or for any other reason, purposes or cause.

5. Tenant's Expansion Work.

(a) Construction of Tenant's Expansion Alterations.

(i) Landlord hereby acknowledges that Tenant wishes to (i) carpet and paint the Premises (including both the Expansion Premises and the Initial Premises), and (ii) construct within the Expansion Premises those improvements described on Exhibit B attached hereto (collectively herein, the "Approved Tenant Expansion Alterations") and Landlord hereby consents to the construction of the Approved Tenant Expansion Alterations, subject to Landlord's approval to final carpet and paint specifications, and provided, however, that Tenant shall not be entitled to commence any work on the Approved Tenant Expansion Alterations or the Tenant's Additional Expansion Alterations (defined below) until Tenant has provided

Landlord with a letter of credit satisfying the requirements of Section 8. Any changes to Tenant's Preliminary Plans (defined below), including without limitation the addition of any improvements not shown on Tenant's Preliminary Plans shall be subject to Landlord's prior written consent (any such additional improvements to which Landlord gives its prior written consent are referred to herein as "Tenant's Additional Expansion Alterations" and the Approved Tenant Expansion Alterations and any Tenant's Additional Expansion Alterations are referred to herein as "Tenant's Expansion Alterations"). At the time Landlord gives its consent to any Tenant's Additional Expansion Alterations, Landlord shall designate which portions, if any, thereof Tenant shall be required to remove or restore upon the expiration or sooner termination of the Term. Tenant and Landlord hereby acknowledge and agree that the provisions of Paragraph 6 of the Lease and the provisions of Exhibit B—Work Letter attached to and made a part of the Lease shall not apply to the Tenant Expansion Alterations. Landlord further acknowledges and agrees that, from and after the Expansion Premises Delivery Date, Tenant, the Contractor (defined below) and Tenant's agents and contractors shall be provided access to the Expansion Premises and shall be permitted to construct the Tenant Expansion Alterations therein subject to the provisions of this Section 5. Notwithstanding anything to the contrary within the Lease, including, without limitation, the provisions of Paragraph 6 of the Lease, at the expiration or sooner termination of the Lease, (A) the Approved Tenant Expansion Alterations (including without limitation any replacement cubicles which may be installed by Tenant, with Landlord's prior written consent, in the Initial Premises) shall remain within the Premises and shall become the property of Landlord except as provided in clause (B) below, (B) Tenant shall remove or restore any Tenant's Additional Expansion Alterations as specified by Landlord at the time it gave its written consent thereto, and (C) Tenant shall deliver to Landlord possession of the Premises with all of the Tenant Expansion Alterations (including without limitation any replacement cubicles but excluding any of Tenant's Additional Expansion Alterations which are required to be removed or restored) in place and in good condition and repair, subject to normal wear and tear and damage by casualty.

(ii) Tenant shall retain and cause TEAMWRKX, Inc. (the "Contractor") to construct and install the Tenant Expansion Alterations in accordance with a construction contract reasonably approved by Landlord (the "Tenant's Expansion Work"). Tenant's Expansion Work shall be performed in a good and workmanlike manner in accordance with Tenant's Plans (defined below), Tenant shall administer the construction of Tenant's Expansion Work in cooperation with Landlord, and Landlord shall reasonably cooperate with Tenant's construction of the Tenant Expansion Alterations within the Premises, including, without limitation, providing afterhours access to the Expansion Premises to Tenant and Tenant's agents and contractors and affording access to the elevators within the building for the purpose of affording construction access.

(iii) Landlord and its agents may inspect Tenant's Expansion Work in the course of construction and on completion of Tenant's Expansion Work, provided, however, that Landlord's failure to inspect Tenant's Expansion Work shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of Tenant's Expansion Work constitute Landlord's approval of the same. Landlord shall have the right to object to any material deviation from Tenant's Plans not previously approved by Landlord, and Tenant shall cause such deviation to be corrected. If the deviation is material in the Landlord's reasonable judgment and may have an adverse affect on the Building, and if the deviation is not promptly corrected by Tenant, Landlord may cause such deviation to be remedied, at Tenant's expense.

(b) Payment for Tenant's Expansion Work.

(i) All costs of designing, permitting and constructing Tenant's Expansion Work shall be borne by Tenant, except as otherwise expressly provided in this Amendment. Landlord agrees to provide Tenant a one-time tenant improvement allowance in the amount of up to, but not exceeding, \$259,861 (the "Tenant Allowance") to be applied toward the hard and soft costs (excluding architect's and engineering costs) of constructing the Tenant Improvements in accordance with the approved Tenant's Plans (defined below) (collectively, the "Allowance Costs"). The Allowance Costs shall not include, and the Tenant Allowance shall not be used for, the costs of acquisition or installation of Tenant's trade fixtures, equipment, furniture, furniture partitions, furnishings, personal property or for any other matter or purpose not permitted above, and Tenant shall be responsible for the direct payment of all costs and expenses incurred in connection with Tenant's Expansion Work which are not Allowance Costs. Tenant shall not be required to pay Landlord any in-house supervisory profit or other compensation in connection with the performance of Tenant's Expansion Work by a third party. Tenant shall be allowed to request monthly draws against the Tenant Allowance in a format reasonably required by Landlord.

(ii) The Tenant Allowance shall be disbursed as provided below. Subject to Section 5(b)(iii) below, Landlord shall make all payments directly to the Contractor, subcontractors and/or material suppliers, as appropriate, using Landlord's disbursement process which shall include such conditions (such as the receipt of lien waivers from the payees) as Landlord may reasonably require.

(iii) If any changes to Tenant's Plans increase Landlord's reasonable estimate of the total Allowance Costs beyond the amount of the Tenant Allowance, Landlord shall deliver such updated cost estimate to Tenant and the difference between (i) the amount of the updated estimated total Allowance Costs and (ii) the amount of the Tenant Allowance plus any deposits previously made by Tenant pursuant to this Section 5(b)(iii) (referred to herein as the "Over-Allowance Amount") shall be paid by Tenant directly to the Contractor, subcontractors and/or material suppliers, as appropriate, prior to Landlord's disbursement of any portion of the Tenant Allowance.

(c) Changes to Tenant's Plans. Landlord has previously approved Tenant's preliminary plans attached hereto as Exhibit B ("Tenant's Preliminary Plans"). If Tenant desires to make further alterations to Tenant's Preliminary Plans, Tenant shall contract with ArcTec, Inc. (the "Architect") to modify the construction drawings and shall submit such proposed changes to Landlord for Landlord's prior written approval prior to commencing construction of any of such alterations. Landlord shall approve or disapprove any requested changes to the Tenant's Preliminary Plans within ten (10) days following Landlord's receipt of Tenant's request for the proposed change in sufficient detail to permit Landlord to fully evaluate such request. Landlord and Tenant shall work cooperatively to mutually agree on any modifications to Tenant's Preliminary Plans. Tenant's Preliminary Plans together with any modifications thereto approved by Landlord shall be referred to as "Tenant's Plans".

6. Modification of Base Rent.

(a) Until April 30, 2013, the monthly Base Rent for the Initial Premises shall be as currently set forth in the Lease. From the Expansion Date until April 30, 2013, the monthly Base Rent for the Expansion Premises shall be \$46,186.25 per month (i.e. \$2.75 per rentable square foot of the Expansion Premises).

(b) From May 1, 2013 until April 30, 2014, the monthly Base Rent for the entire Premises shall be \$89,665.72 per month (i.e. \$2.83 per rentable square foot of the Premises).

(c) Commencing on May 1, 2014 and continuing on May 1 of each calendar year thereafter, the monthly Base Rent shall increase by three percent (3.0%) over the monthly Base Rent which was in effect immediately preceding such adjustment.

(d) Concurrently with Tenant's execution of this Lease, Tenant shall pay to Landlord the August, 2012 Base Rent for the Expansion Premises.

7. Electric Charging Stations. If requested by Tenant, Landlord shall work cooperatively with Tenant in obtaining any governmental approvals and permits required for, and otherwise facilitating, the addition of four electric vehicle charging stations at the Building at Tenant's sole cost and expense. Landlord makes no representation or warranty that such electric vehicle charging stations can be added.

8. Security Deposit. On or before June 12, 2012, Tenant shall deliver to Landlord a letter of credit in the form specified below in the amount of Two Hundred Sixty-Two Thousand Eight Hundred Seventy-Eight Dollars (\$262,878.00), and promptly following its receipt of said letter of credit, Landlord shall return to Tenant the existing cash Security Deposit of Thirty-Three Thousand Five Hundred and 25/100 Dollars (\$33,500.25). Upon Landlord's receipt of such letter of credit, Paragraph 32 of the Lease shall be amended to read, in its entirety, as follows:

“32. SECURITY DEPOSIT.”

(a) Tenant shall deposit with Landlord a security deposit in the sum of Two Hundred Sixty-Two Thousand Eight Hundred Seventy-Eight Dollars (\$262,878.00) in the form of an unconditional, irrevocable, transferable letter of credit (the **“Letter of Credit”**) satisfying the requirements set forth in Paragraph 32(b). Provided that an uncured Draw Event (defined below) does not then exist, the Security Deposit shall be reduced to an amount equal to one (1) month’s Base Rent for the entire Premises upon the later of (a) December 31, 2012, or (b) the date of Tenant’s delivery to Landlord of financial statements in accordance with Paragraph 33 below showing that Tenant has had twelve (12) consecutive quarters of net income profitability (determined in accordance with GAAP).

(b) The Letter of Credit shall be issued by a financial institution, and in form and substance, acceptable to Landlord, in its sole discretion, with an original term of no less than one year and automatic extensions through the end of the Term of this Lease and sixty (60) days thereafter. Landlord shall not unreasonably withhold its approval of such a financial institution if it is a national bank, or a bank branch located in the United States (with an office in the United States allowing the Letter of Credit to be presented to and paid by such office pursuant to procedures acceptable to Landlord in its reasonable discretion) with assets of the issuing bank or bank branch in excess of Twenty Billion Dollars (\$20,000,000,000). Landlord hereby approves Silicon Valley Bank as an "issuing bank" for the purposes of the Letter of Credit required by the provisions of this Paragraph 32(b). If Landlord determines at any time, in good faith with respect to any issuing bank other than Silicon Valley Bank, that either (A) the issuing bank or bank branch has assets of less than Twenty Billion Dollars (\$20,000,000,000), (B) the issuing bank does not have, or ceases to have, a long term rating of at least BBB+ or (C) the issuing bank or bank branch has or intends to close or cease operations from the issuing bank branch, then Landlord may require that Tenant replace the Letter of Credit with a Letter of Credit from a different financial institution acceptable to Landlord, in the reasonable exercise of its discretion, within fifteen (15) business days after Tenant's receipt of notice of such requirement from Landlord. The Letter of Credit shall (A) be a stand-by irrevocable letter of credit; (B) be payable to Landlord, its Mortgagee or their assignees (any of the foregoing, the "**Beneficiary**"); (C) require that any draw on the Letter of Credit shall be made only upon receipt by the issuer of a letter signed by a purported authorized representative of the Beneficiary certifying that the Beneficiary is entitled to draw on the Letter of Credit pursuant to this Lease; (D) allow partial and multiple draws; (E) be fully transferable by Landlord, provided, however, that Landlord shall be responsible, at Landlord's sole cost and expense, for paying any transfer fees, reissuance fees and other costs and expenses in relation to any transfer of the Letter of Credit; (F) provide that it is governed by the Uniform Customs and Practice for Documentary Credits (2007 revisions) International Chamber of Commerce Publication 600; (G) either provide for automatic annual extensions, without amendment (so-called "evergreen" provision) with a final expiry date no sooner than sixty (60) days after the Expiration Date or be cancelable if, and only if, the issuer delivers to Beneficiary no less than sixty (60) days advance written notice of issuer's intent to cancel; and (H) require the issuer to make payment to the Beneficiary on the next business day after the day of presentation by the Beneficiary. Tenant shall keep the Letter of Credit, at its expense, in full force and effect until the sixtieth (60th) day after the Expiration Date or other termination of this Lease, to insure the faithful performance by Tenant of all of the covenants, terms and conditions of this Lease, including, without limitation, Tenant's obligations to repair, replace or maintain the Premises.

(c) At any time after a Draw Event (as defined below) occurs, the Beneficiary may present its written demand for payment of the entire face amount of the Letter of Credit (or, at the Beneficiary's sole election, for payment of a portion of the amount of the Letter of Credit as is required to compensate Landlord for damages incurred, with subsequent demands at the Beneficiary's sole election as Landlord incurs further damages) and the funds so obtained shall become due and payable to the Beneficiary. The Beneficiary may retain such funds to the extent required to compensate Landlord for damages incurred, or to reimburse Landlord as provided herein, in connection with any such default or other Draw Event, and any remaining funds shall be held as cash security for Tenant's obligations hereunder. A **"Draw Event"** shall mean any of the following: (A) a "default" (as defined in and determined pursuant to Paragraph 19(a) of this Lease) by Tenant in the performance of its obligations under this Lease occurs (hereinafter referred to in this Paragraph 32 as a **"Default"**); (B) the existence of both (I) an uncured failure by Tenant to perform one or more of its obligations under this Lease beyond any notice, grace or cure period under Paragraph 19(a) that would apply to such failure had such notice been given upon the first occurrence of such failure, and (II) circumstances in which Landlord is stayed, enjoined or otherwise prevented by operation of law from giving to Tenant a written notice which would be necessary for such failure of performance to constitute a Default; (C) the Lease is terminated by Landlord due to a Default by Tenant; (D) the Letter of Credit is not replaced with a Letter of Credit from a different financial institution if and when required by Paragraph 32(b); and (E) the Letter of Credit is not extended by the date which is sixty (60) days prior to its expiration.

(d) If Landlord or the Beneficiary uses any portion of the Letter of Credit, or the cash security deposit resulting from a draw on the Letter of Credit, to cure any Default by Tenant hereunder and/or for any other reason permitted or contemplated by this Paragraph 32, Landlord may, at its election, so inform Tenant in writing and request that Tenant provide a replacement Letter of Credit or pay to Landlord a sum sufficient to return the Letter of Credit or cash security to one hundred percent (100%) of the original face amount of the Letter of Credit. Within five (5) business days of the receipt by Tenant of such a notice from Landlord, Tenant shall provide a replacement Letter of Credit to Landlord or pay to Landlord in cash or immediately available funds the sum so requested, and the sum so paid by Tenant shall be held by Landlord as a part of the required Security Deposit hereunder. Tenant's failure to provide such replacement Letter of Credit or make such payment within such time period shall constitute a "default" under Paragraph 19(a) of this Lease without the necessity of further notice or opportunity to cure. Such replenishment obligation shall bear interest at the Default Rate hereunder, and Tenant acknowledges that attachment will be a proper remedy by which Landlord may seek to recover the amount that Tenant has then failed to pay. Any unused portion of the funds so obtained by Landlord or the Beneficiary shall be returned to Tenant upon replacement of the Letter of Credit in the full required amount. Any cash proceeds resulting from a draw upon or replenishment of the Letter of Credit shall be treated as the Security Deposit required under this Paragraph 32.

(e) Landlord shall be entitled to assign the Letter of Credit and its rights thereto from time to time in connection with an assignment of this Lease to a Mortgagee as security for the obligations of Landlord to such Mortgagee, or in connection with a sale or other transfer of Landlord's interest in the Project. Tenant shall cooperate with Landlord in connection with any modifications of or amendments to the Letter of Credit that may be reasonably requested by any Mortgagee in connection with any such assignment. At Landlord's sole election, Landlord may also direct Tenant to cause the Letter of Credit to directly name a Mortgagee as the sole beneficiary thereunder, provided, however, that Landlord shall be responsible, at Landlord's sole cost and expense, for paying any transfer fees, reissuance fees and other costs and expenses in relation to any transfer of the Letter of Credit.

(f) Within ninety (90) days of the expiration of the Term or earlier termination of this Lease, and provided that Tenant is not then in Default, the Letter of Credit or any portion of the Security Deposit, as applicable, then held by Landlord shall be returned to Tenant, reduced by those amounts that may be required by Landlord to remedy Defaults on the part of Tenant in the payment of rent, to repair damages to the Premises caused by Tenant, to pay for the cost of the removal of any improvements or property which Tenant is required, by the terms of this Lease, to remove but fails to remove, and to clean the Premises; provided, however, that (i) notwithstanding the time period specified above, Landlord shall not be obligated to return the Letter of Credit or Security Deposit or any part thereof until all breaches by Tenant of its obligations under this Lease have been cured and all damages which Landlord may suffer in connection with any such breach have been ascertained in amount and paid in full; and (ii) in no event shall any such return be construed as an admission by Landlord that Tenant has performed all of its covenants and obligations hereunder.

(g) If Landlord conveys or transfers its interest in the Premises and, as a part of such conveyance or transfer, Landlord assigns its interest in this Lease: (i) the Letter of Credit or Security Deposit (or any portion thereof not previously applied) shall be transferred to Landlord's successor; and (ii) Landlord shall be released and discharged from any further liability to Tenant with respect to the Letter of Credit or Security Deposit after Landlord's transfer of the Letter of Credit or Security Deposit. In no event shall any Mortgagee, or any purchaser of all or any portion of the Project at a public or private foreclosure sale or exercise of a power of sale, have any liability or obligation whatsoever to Tenant or Tenant's successors or assigns for the return of the Letter of Credit or Security Deposit in the event any such Mortgagee or purchaser becomes a mortgagee in possession or succeeds to the interest of Landlord under this Lease unless, and then only to the extent that, such Mortgagee or purchaser has received all or any part of the Letter of Credit or Security Deposit. No trust relationship is created herein between Landlord and Tenant with respect to the Letter of Credit or Security Deposit. Tenant acknowledges that the Security Deposit or Letter of Credit is not an advance payment of any kind or a measure of Landlord's damages in the event of a Default by Tenant. Tenant hereby waives any rights that it may now or hereafter have under California Civil Code Section 1950.7 (except subsections (b), (d) and (e) of Section 1950.7) and the provisions of any other Law that are inconsistent with this Paragraph 32."

9. Brokerage Commission.

(a) Landlord hereby warrants and represents to Tenant that Landlord has not had dealings with any real estate broker, finder or other person with respect to this Amendment in any manner, except for Cassidy Turley/CB Richard Ellis (“Cassidy Turley”) and Colliers International (“Colliers”); and Tenant hereby warrants and represents to that Landlord has not had dealings with any real estate broker, finder or other person with respect to this Amendment in any manner, except for Cassidy Turley and Colliers.

(b) Landlord shall pay, in connection with this Amendment, a commission due to Cassidy Turley and a commission due to Colliers pursuant to separate written agreements between Landlord and Cassidy Turley and Colliers, respectively.

(c) Tenant shall indemnify and hold harmless Landlord from all damages resulting from any claims that may be asserted against Landlord by any broker, finder or other person with whom Tenant has or purportedly has dealt, expressly excluding Cassidy Turley and Colliers; and Landlord shall indemnify and hold harmless Tenant from all damages resulting from any claims that may be asserted against Tenant by (i) any broker, finder or other person with whom Landlord has or purportedly has dealt, expressly including Colliers, and (ii) and Cassidy Turley.

10. Acknowledgements. Tenant (i) acknowledges and agrees that Landlord has performed each and every obligation of Landlord to be performed under the Lease as of the date of this Amendment, and that Landlord is not in default of any such obligation, and (ii) represents and warrants to Landlord that Tenant is not in default under the Lease and that, to the best of Tenant’s knowledge, no event, condition or circumstance exists which, with the giving of notice and/or the passage of time, would constitute a default by Tenant under the Lease.

11. Limitation on Amendment. Except as expressly provided herein, nothing contained in this Amendment shall alter or affect any provision, condition or covenant contained in the Lease, or affect or impair any rights, powers or remedies thereunder, it being the intent of the parties hereto that, except as expressly modified hereby, the provisions, conditions and covenants of the Lease shall continue in full force and effect and are hereby ratified and confirmed. In the event of a conflict between the provisions of the Lease and this Amendment, the Lease shall prevail.

12. Integration. This Amendment and the Lease contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated herein and supersede all prior negotiations between the parties.

13. Lease Amendment Effective Date. Submission of this Amendment for examination or signature by Tenant does not constitute a reservation of or option for the lease of the Expansion Premises or of or for an amendment to the Lease, and it is not effective as a lease of the Expansion Premises, as an amendment to the Lease, or otherwise until execution and delivery by both Landlord and Tenant.

14. Counterparts. This Amendment may be executed in counterparts, each of which shall be an original, but all of which shall constitute one instrument. The parties agree that if the signature of Landlord and/or Tenant on this Amendment is not an original, but is a digital, mechanical, or electronic reproduction (such as, but not limited to, a photocopy, e-mail, PDF, Adobe image, or jpeg), then such digital, mechanical, or electronic reproduction shall be as enforceable, valid, and binding as, and the legal equivalent to, an authentic and traditional ink-on-paper original wet signature penned manually by its signatory.

[Signatures Begin on Next Page]

LANDLORD:

441 LOGUE AVENUE ASSOCIATES, LLC, a Delaware limited liability company

By: /s/ Steve Dostart
Name: Steve Dostart
Its: Manager

TENANT:

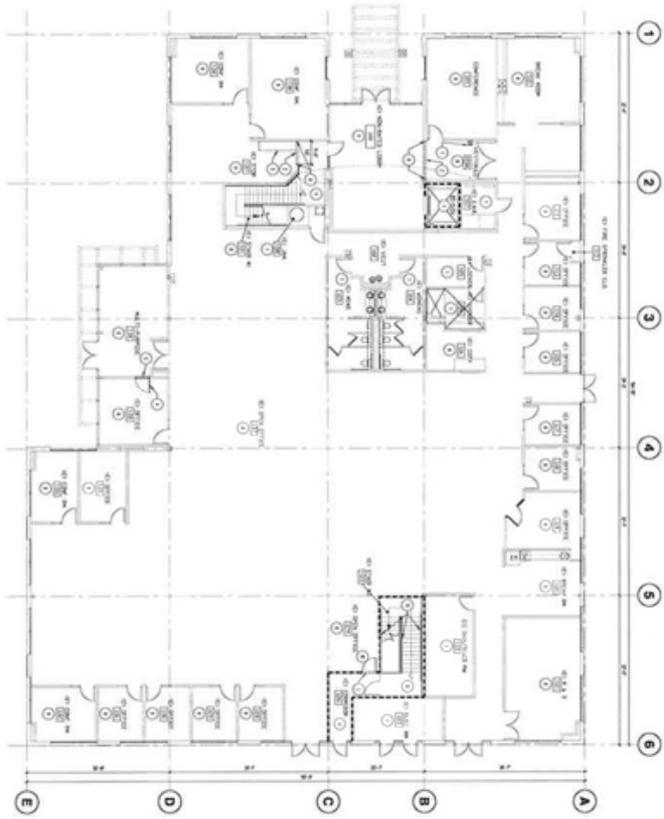
ELANCE, INC.,
a Delaware corporation

By: /s/ Fabio Rosati
Name: Fabio Rosati
Its: President & CEO

By: /s/ Michael J. Culver
Name: Michael J. Culver
Its: VP Finance/Legal



EXHIBIT B - pg 1



15 FIRST FLOOR PLAN

GENERAL NOTES

1. REFER TO ALL GENERAL NOTES AND SPECIFICATIONS FOR THIS PROJECT.
2. ALL WORK SHALL BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE BUILDING CODES AND REGULATIONS.
3. ALL MATERIALS AND METHODS OF CONSTRUCTION SHALL BE APPROVED BY THE ARCHITECT PRIOR TO INSTALLATION.
4. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL AUTHORITIES.
5. ALL UTILITIES SHALL BE PROTECTED AND MAINTAINED THROUGHOUT THE PROJECT.
6. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT AREAS AND SERVICES AT ALL TIMES.
7. ALL WORK SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
8. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND REPAIR OF ALL EXISTING UTILITIES AND STRUCTURES.
9. ALL MATERIALS AND METHODS OF CONSTRUCTION SHALL BE APPROVED BY THE ARCHITECT PRIOR TO INSTALLATION.
10. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT AREAS AND SERVICES AT ALL TIMES.
11. ALL WORK SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
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14. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT AREAS AND SERVICES AT ALL TIMES.
15. ALL WORK SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
16. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND REPAIR OF ALL EXISTING UTILITIES AND STRUCTURES.
17. ALL MATERIALS AND METHODS OF CONSTRUCTION SHALL BE APPROVED BY THE ARCHITECT PRIOR TO INSTALLATION.
18. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT AREAS AND SERVICES AT ALL TIMES.
19. ALL WORK SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
20. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND REPAIR OF ALL EXISTING UTILITIES AND STRUCTURES.

KEY NOTES

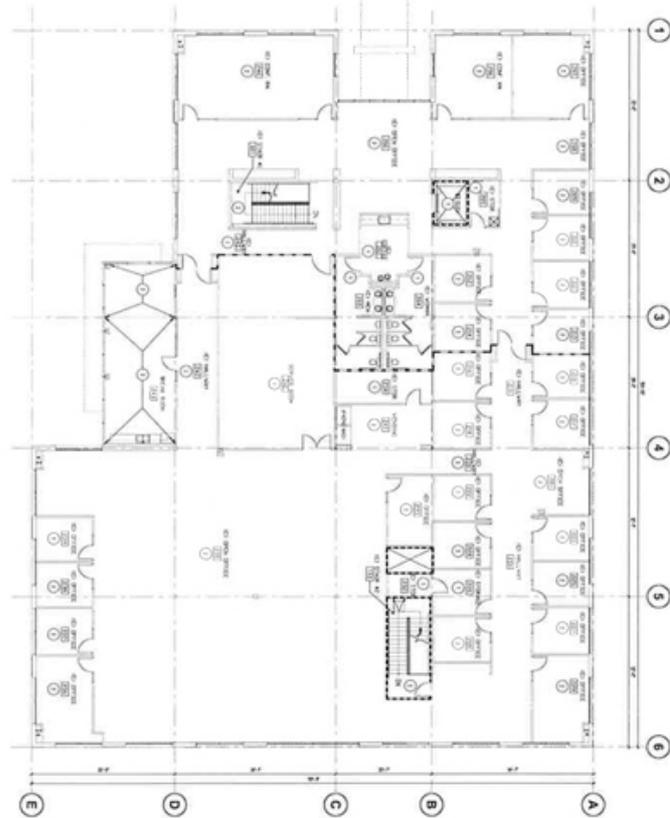
1. REFER TO ALL GENERAL NOTES AND SPECIFICATIONS FOR THIS PROJECT.
2. ALL WORK SHALL BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE BUILDING CODES AND REGULATIONS.
3. ALL MATERIALS AND METHODS OF CONSTRUCTION SHALL BE APPROVED BY THE ARCHITECT PRIOR TO INSTALLATION.
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20. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND REPAIR OF ALL EXISTING UTILITIES AND STRUCTURES.



A Minor Tenant Improvement For:
ELANCE, INC.
441 Logue Ave.
Mountain View, CA

DATE: 08/08/2018
DRAWN BY: [Name]
CHECKED BY: [Name]
SCALE: AS SHOWN
PROJECT NO: A211
SHEET NO: 15

EXHIBIT B - pg 2



15 SECOND FLOOR PLAN

GENERAL NOTES

1. CONSULT THE OWNER TO OBTAIN A VENDOR LIST FOR THE SUPPLY OF MATERIALS AND EQUIPMENT.
2. VERIFY THE EXISTING CONDITIONS OF THE PROJECT BEFORE COMMENCING WORK.
3. VERIFY THE EXISTING CONDITIONS OF THE PROJECT BEFORE COMMENCING WORK.
4. VERIFY THE EXISTING CONDITIONS OF THE PROJECT BEFORE COMMENCING WORK.
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16. VERIFY THE EXISTING CONDITIONS OF THE PROJECT BEFORE COMMENCING WORK.
17. VERIFY THE EXISTING CONDITIONS OF THE PROJECT BEFORE COMMENCING WORK.
18. VERIFY THE EXISTING CONDITIONS OF THE PROJECT BEFORE COMMENCING WORK.
19. VERIFY THE EXISTING CONDITIONS OF THE PROJECT BEFORE COMMENCING WORK.
20. VERIFY THE EXISTING CONDITIONS OF THE PROJECT BEFORE COMMENCING WORK.

KEY NOTES

1. REFER TO SHEET 15-1 FOR GENERAL NOTES.
2. REFER TO SHEET 15-2 FOR GENERAL NOTES.
3. REFER TO SHEET 15-3 FOR GENERAL NOTES.
4. REFER TO SHEET 15-4 FOR GENERAL NOTES.
5. REFER TO SHEET 15-5 FOR GENERAL NOTES.
6. REFER TO SHEET 15-6 FOR GENERAL NOTES.
7. REFER TO SHEET 15-7 FOR GENERAL NOTES.
8. REFER TO SHEET 15-8 FOR GENERAL NOTES.
9. REFER TO SHEET 15-9 FOR GENERAL NOTES.
10. REFER TO SHEET 15-10 FOR GENERAL NOTES.
11. REFER TO SHEET 15-11 FOR GENERAL NOTES.
12. REFER TO SHEET 15-12 FOR GENERAL NOTES.
13. REFER TO SHEET 15-13 FOR GENERAL NOTES.
14. REFER TO SHEET 15-14 FOR GENERAL NOTES.
15. REFER TO SHEET 15-15 FOR GENERAL NOTES.
16. REFER TO SHEET 15-16 FOR GENERAL NOTES.
17. REFER TO SHEET 15-17 FOR GENERAL NOTES.
18. REFER TO SHEET 15-18 FOR GENERAL NOTES.
19. REFER TO SHEET 15-19 FOR GENERAL NOTES.
20. REFER TO SHEET 15-20 FOR GENERAL NOTES.



A Minor Tenant Improvement For:
ELANCE, INC.
 441 Logue Ave.
 Mountain View, CA

PROJECT NO. **A2.12**
 DATE: 12/15/11

441 LOGUE AVENUE ASSOCIATES, LLC
145 ADDISON AVENUE
PALO ALTO, CA 94301

NOTICE TO TENANTS

February 25, 2014

Elance, Inc.
441 Logue Avenue
Mountain View, CA 94043
Attn: Michael Culver

Re: 441 Logue Avenue, Mountain View, California

Dear Tenant:

This will notify you that on February 25, 2014, the project known as 441 Logue Avenue Associates, LLC, located in Mountain View, California, in which you are a tenant, was sold by 441 Logue Avenue Associates, LLC ("Prior Landlord"), to Google, Inc. ("New Owner"). Please note that, in connection with the transaction, your lease has been assigned by the Prior Landlord to the New Owner and the letter of credit held by the Prior Landlord with respect to the lease has been transferred to, and the Prior Landlord's obligations with respect to such letter of credit have been assumed by the New Owner as of February 25, 2014.

As of February 25, 2014, the project will be managed by:

Orchard Commercial, Inc.

Commencing immediately, please make all future rent payments and other sums due under the lease payable to GOOGLE, INC. Accordingly, all rent and other payments due under your lease should be submitted as follows:

if paying by check:

Google, Inc.
c/o Orchard Commercial, Inc.
2055 Laurelwood Road, Suite 130
Santa Clara, CA 95054

441 LOGUE AVENUE ASSOCIATES, LLC
145 ADDISON AVENUE
PALO ALTO, CA 94301

If paying by wire:

Account Name: Google Inc.
Account Number:
Wire ABA:
Swift Code (Only for International Wires):
Bank Name: Wells Fargo Bank
Reference: Tenant Name

Any written notices you desire or are required to make to the landlord under your lease should be sent to the following:

Google, Inc.
c/o Orchard Commercial, Inc.
2055 Laurelwood Road, Suite 130
Santa Clara, CA 95054

Any inquiries about the project or your lease should be made to the New Owner at this address, or by telephone to

Shannon Freitag – 408-922-0400 – Sfreitag@OrchardCommercial.com

Marissa Borgman – 408-922-0400 – Mborgman@OrchardCommercial.com

[SIGNATURE ON FOLLOWING PAGE]

441 LOGUE AVENUE ASSOCIATES, LLC
145 ADDISON AVENUE
PALO ALTO, CA 94301

Very truly yours,

PRIOR LANDLORD:

441 LOGUE AVENUE ASSOCIATES, LLC,
a Delaware limited liability company,

By: _____
Name: _____
Its: _____

August 3, 2018

Gary Steele

Re: Upwork Inc. Board of Directors

Dear Gary:

On behalf of Upwork Inc. (the "Company"), I am pleased to present you our offer to become a member of the Board of Directors (the "Board") and a member of the Board's Compensation Committee. As a Board member, you will be responsible for attending in person or by telephone, all Board meetings and all meetings of Board committees on which you sit, including all meetings of the Compensation Committee. In addition, from time to time, we would like to have the benefit of your experience and insight regarding various Company-related matters.

As a member of the Board and of the Compensation Committee, you will have the roles, responsibilities and fiduciary duties of a director as set forth in applicable corporate law and the Company's governing corporate documents, committee charters and policies, copies of which are enclosed with this letter. You may be removed from the Board at any time for any reason by the Board or the stockholders of the Company, in accordance with applicable corporate law and the Company's governing corporate documents. You agree that this letter does not create any employer/employee relationship with the Company and that you will not be entitled to participate in any of the Company's benefit plans, other than as provided in this letter.

The Company agrees to recommend to the Board that you be offered the following compensation for your service as a Board member:

- Following the Company's initial public offering (the "IPO"), annual cash compensation of \$35,000 for general Board service.
- Following the Company's IPO, annual cash compensation of \$5,000 for service as a Compensation Committee member.
- For joining the Board, we will recommend to the Board that you be granted a non-qualified stock option to purchase up to 150,527 shares of the Company's Common Stock (the "Initial Grant"). The Initial Grant will be subject to the terms and conditions of the Company's 2014 Equity Incentive Plan (the "Plan") and the applicable stock option agreement. The exercise price per share of the Initial Grant will be equal to the fair market value per share on the date the Initial Grant is granted, as determined by the Board in good faith. There is no guarantee that the Internal Revenue Service will agree with this value. The Initial Grant will vest, so long as you serve as a director of the Company, with respect to 1/3rd of the shares upon your completion of each year of Board

service with the Company, which vesting will commence with your first date of service as a director of the Company. The Initial Grant will be immediately exercisable; however, the shares issued upon exercise thereof will be subject to the Company's right of repurchase to the extent any such shares remain unvested as of your last date of Board service at the original exercise price that you paid. You should consult with your own tax advisor concerning the tax consequences associated with accepting the Initial Grant.

- Following the IPO, we will also recommend to the Board that you be granted an annual equity award with a fair market value of \$150,000 (as determined by the Board in accordance with the 2018 Equity Incentive Plan (the "IPO Plan") expected to be adopted in connection with the Company's IPO) for each year of continued service as a member of the Board starting in your second year of service as a member of the Board (each, an "Annual Grant" and, together with the Initial Grant, the "Awards"). Each Annual Grant will be subject to the terms and conditions of the IPO Plan and the applicable award agreement. Each Annual Grant will vest in full, so long as you serve as a director of the Company, upon your completion of one year of Board service with the Company from the date of grant. You should consult with your own tax advisor concerning the tax consequences associated with accepting the Annual Grants.
- In the event of a change in control of the Company while you are a Board member, your then-outstanding Awards will become fully vested immediately with respect to 100% of the shares issued or issuable thereunder as of immediately prior to the closing of the change in control.

The Company will reimburse reasonable travel and other business expenses in connection with your duties as a Board member in accordance with the Company's generally applicable policies. In addition, you will receive certain indemnification rights with respect to your service as a Board member, provided that you execute the Company's form of indemnification agreement. The Company currently maintains Directors & Officers insurance coverage from a reputable insurer. Details of such coverage are available upon request.

This letter will be governed by and construed under the laws of the State of Delaware without regard to principles of conflicts of laws or choice of laws, and may be amended only by a written agreement of both you and the Company. The foregoing constitutes the complete agreement between us with respect to the subject matter hereof and supersedes in all respects all prior or contemporaneous proposals, negotiations, conversations, discussions and agreements between us. This letter may be executed in counterparts, each of which will be considered an original, but all of which together will constitute one agreement. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.

[Signature Page Follows]

Gary, I am excited about you joining our Board at a key time for the Company and look forward to working with you to help make the Company truly great and prosperous. Please acknowledge your receipt of and agreement with this letter by signing and dating this letter and returning it to me.

Very truly yours,

UPWORK INC.

By: /s/ Thomas Layton

Name: Thomas Layton

Title: Executive Chairman

ACCEPTED AND AGREED:

/s/ Gary Steele

Gary Steele

8/4/18

Date

Subsidiaries of Upwork Inc.

<u>Name of Subsidiary</u>	<u>Jurisdiction</u>
Elance, Inc.	Delaware
Upwork Global Inc.	California
Upwork Talent Group Inc.	Delaware
Upwork Escrow Inc.	Delaware
Elance Limited	Ireland

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of Upwork Inc. of our report dated June 4, 2018 relating to the financial statements, which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
San Jose, California
September 6, 2018

May 10, 2018
Upwork Inc.
441 Logue Avenue
Mountain View, California 94043

Upwork Inc. (the "**Company**") has requested that Inavero, Inc. ("**Inavero**") execute this letter in connection with a proposed initial public offering by the Company (the "**IPO**"). In connection with the IPO, the Company will be filing a registration statement on Form S-1 (the "**Registration Statement**") with the Securities and Exchange Commission. In response to such request, please be advised as follows:

1. Inavero consents to the use and reference to Inavero's name and to the report entitled *2018 Future Workforce Report* dated February 2018.

2. Inavero consents to the use by the Company of the research data substantially in the form furnished hereto as Exhibit A, which will be included as part of the Registration Statement. In granting such consent, Inavero represents that, to its knowledge, the statements made in such research data are accurate and fairly present the matters referred to therein.

Sincerely,

Inavero, Inc.

By: /s/ Eric Gregg

Name: Eric Gregg

Title: CEO

Date: 5-15-18

Exhibit A

In January 2018, 59% of hiring managers indicated they were utilizing flexible talent, which includes temporary, freelance, and agency workers, up 24% from January 2017 according to the 2018 Future Workforce Report, a report that we commissioned, conducted by the independent research firm Inavero. According to the same report, hiring managers anticipate work done by flexible talent will increase by 168% in the next ten years.